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FREE TRADE ERA

WALESA'S REVOLUTION

**Solidarity
Shakes Off
Four Decades
Of Polish
Communism**



**Solidarity
Union Leader
Lech Walesa**



35

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COVER PHOTO BY MICHAEL O'NEILL

COVER

LECH WALESA'S REVOLUTION

After days of tense negotiations with Lech Walesa and his Solidarity colleagues, Polish President Gen. Wojciech Jaruzelski announced the resignation of Tadeusz Mazowiecki to become the Soviet Bloc's first non-Communist prime minister since the early postwar years. It was an astounding political transformation that spelled the end to the Communist rulers' monopoly on power. — 34



BUSINESS/SPECIAL REPORT

TAKEOVER FEVER

They occur almost by the week. Some of the world's largest firms and most powerful executives battling for a larger share of profits by buying out rival firms. But some economists say that the corporate strategies and takeovers will eventually weaken economies around the world. — 34



ESSAY

TANGERINE DREAMS

Canadian broadcaster, novelist and playwright John Gray was on the other side of the southeast when half a million young people gathered near Woodstock, N.Y., on Aug. 15, 1969. But he was keenly aware of the festival—and of the fact that the real happens all seemed to be south of the border. — 50



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J&B. SCOTCH OF RARE CHARACTER.

OPENING NOTES

Charles Dubin dresses down, Dennis Mills widens the field, and Leona Helmsley has no excuses

A JOINT ENTERPRISE

Former cabinet minister Jean Chrétien and renegade Montreal MP Paul Martin Jr. are early favorites to succeed John Turner when delegates choose a new federal Liberal leader at a convention in Calgary in June. But a neophyte MP from Toronto is trying to win the field-by convincing several other potential candidates to share expenses if they formally enter the race. Dennis Mills, 43, is renowned within Liberal ranks for his organizational skills, and he has said privately that he wants to succeed Turner—even though he speaks French poorly and first won the riding of Broadview-Greenwood last November. Now, he is striving to make himself better known—in part by coordinating a massive, weeklong environmental conference in Toronto next month. And through his offer to share such costs as chartering a plane, Mills is forging links with other potential leadership contenders including Quebec MP Jean LePain and New Brunswick MP Douglas Young. Politics is a numbers game.

Mills: a neophyte MP with good organizational skills



Photo: © G. G. G.

A self-anointed queen's regal progress

She is the self-anointed queen of New York City's lawless, Hellsway Palace. And for six weeks, Leona Helmsley has been the center—but most-figures in a federal courtroom in Manhattan where her lawyers are defending her against charges that she illegally paying \$1.7 million in bribes to get her 25-room Connecticut mansion. Now, the 69-year-old queen has acquired a dubious new honor as New Mutual Concepts Inc., the owner of the 100-room hotel, has been named as a defendant in a federal No Excuses Award upon Helmsley. She also will pay lawyers at Peck, Rand, the Connecticut Bank manager who is fighting allegations that he had been in a sexual relationship with Helmsley.

Helmsley: a dubious honor for a 69-year-old queen



Photo: © G. G. G.

Minister. "Helmsley has taken a lot of heat, and she still has no excuses." Helmsley can be understood in a self-anointed queen.

THE PRESIDENT STAYS TUNED

George Bush is a former director of the Central Intelligence Agency, but his aides say that the President stayed abreast of developments in the hostage crisis in Lebanon largely by watching television broadcasts from Atlanta-based Cable News Network. Key administration officials say that Bush is displeased by the CIA's recent performance in intelligence-gathering, and some of them predict that James Liddy, the U.S. ambassador to China, will soon replace William Webster as CIA director. If a CIA spokesman does not get the job first.

Forgiveness has its limits

Since 1962, a Massachusetts-based software firm has sold 70,000 units of *LyWise*, an extremely popular word-processing program that currently retails for \$535. But computer industry specialists estimate that pirated copies of that program outnumber legally bought versions by a 6:1 margin. Indeed, only 100 software users came forward when the firm recently conducted a month-long amnesty period: users received full title to their illegal units by paying a \$147.50 fee. But now, firm spokesmen say that they might prosecute anyone who is found with pirated software. First the carrot, then the stick.



Alicia Wood (left), Richard hunting images from an ill-fated expedition.



Photo: © G. G. G.

INSPIRED BY CATASTROPHE

The gripping story of a well-preserved corpse—that of 39-year-old sailor John Thompson—starting a literary firestorm is a masterpiece of a book review of one of the Canadian Arctic's most ill-fated expeditions. And when University of Alberta forensic anthropologist Owen Beattie published that photograph in his 1986 book, *From Ice Time*—which chronicled British explorer James Franklin's failed attempt to chart the Northwest Passage—he inspired two of Canada's best-known fiction writers. For her

part, Toronto author Margaret Atwood said that Beattie's book had played a part in prompting her to write a short story, *The Age of Lead*, a modern-day novel that contains references to the doomed expedition. And in his forthcoming novel, *Solomon Gundy Kite*, Montreal novelist Mordecai Richler features a fictionalized version of the expedition. Said Beattie: "Beattie's book was simply compelling." In art as in life, death as a final wilderness can be a fertile source of inspiration.

PHOTO FINISH FOR A SPORT INQUIRY

The hearings under Ontario Associate Chief Justice Charles Dubin began in Toronto last November—two months after the International Olympic Committee stripped Canadian sprinter Ben Johnson of the gold medal that he had won in the Seoul Summer Games. But as that inquiry into the use of banned drugs in Canadian sport winds down, Dubin has starting moments of the proceedings: an extraordinary 10-hour marathon with his image and those of 34 other inquiry participants ranging from lawyers to civil servants. According to Clifford Collin, the 40-year-old court records manager who devised the 13 scenarios, 40 shots have been ordered to date. And, stressed Collin: "Everyone paid for their share, including Justice Dubin." As for Ben Johnson, his image did not get applied.



The lure of African gold

South Africa's adherence to apartheid has led many athletic organizations to sever sporting links with that country. But, by dangling \$16 million before 16 veteran British players, South African cricket officials recently succeeded in luring these professional athletes to their country. There, for individual fees of up to \$180,000, the rebellious cricketers will participate in two tours against South Africa—and risk banishment from sanctioned international cricket for as long as seven years. But, according to Ali Redien, the managing director of the South African Cricket Union, such a ban is actually a slight threat to the newly signed professionals. The reason most are cited is entire from competition and the South African team's average British cricket salary of \$17,700 per year. A golden handshake perhaps, but hardly cricket.

British players making banishment

Step into her shoes

Her colorful past has ensured Jacqueline Kennedy Onassis of lasting fame. And now, New York City entrepreneur



Onassis 20 steps for \$12

She Stafford is capitalizing on that celebrity with a break by selling walking tour of significant sites in Onassis's life. For a \$12 fee, customers receive a mix of the mundane and the controversial on the 30-minute, 11-hour tour: from the Madison Avenue food store where Onassis shops to the Carlyle Hotel, where John F. Kennedy allegedly slept with actress Marilyn Monroe.



The Rhodak Saryan and Greenpeace protesters at Tibury focusing international attention on dangerous chemicals

CANADA

DANGEROUS CARGO

**TURNED AWAY BY
BRITISH PORTS,
QUEBEC'S PCBs
BEGIN THE LONG
JOURNEY HOME TO
MORE CONTROVERSY**

A chorus of jeers greeted the Soviet freighter *Nadezhda Obolenskaya* as it tied up at Liverpool's Royal Sea-castle berth. Customs' Terminal, but not the ship, was the target of protesters led by activists of the international Greenpeace environmental organization. Some pelted with shell-and-crowbar missiles and slogans that read "Take it back to Quebec!" and "No thanks. Take it back." The object of their outrage is a toxic cargo, a container of chemical wastes bound with potentially hazardous polychlorinated biphenyls (PCBs), transferred from Montreal on the black hulled vessel for incineration in Britain. To the

protesters' delight, the ship pulled out only hours later without unloading the PCBs after dark wooden bollards to a new net to touch the cargo. A profoundly embarrassed Quebec government then gave licence, and equally controversial, arrangements to store the shipment along with tons of other PCB wastes at a hydroelectric dam in Prince Maurice Brian Maurice's notorious record of Chernobyl, as the north shore of the St. Lawrence River. And in Britain, in the Soviet freighter set its return course for Canada, Greenpeace spokesman Sam Adams said, "Our hope now is that all mineral resources, including Canada, take responsibility for their own waste."

For Quebec Liberal Premier Robert Bourassa, the very international signs of his province's unladen PCBs has threatened his attempts to make the continent a central force in his campaign for reelection on Sept. 25. But the PCBs on board the Soviet freighter—left without a disposal site by a spectacular 1988 warehouse fire at St-Basile-le-Grand near

Montreal—also focused attention at home and abroad on the problem of housing and disposing dangerous chemical waste. In fact, the proposal to store the rejected PCBs at Quebec's remote Minto 2 generating station—25 km northwest of Montreal's home town of Beauport—was immediately attacked by opponents. Declared Beauport resident Guyanne Murta "I'd rather die than live in England, then I don't see why we have to have them here."

The PCBs that the *Nadezhda Obolenskaya* was carrying—the second shipment from Quebec to be rejected in Britain at a week—came in public protest in a dramatic fashion on Aug. 23, 1988. That was when a privately owned chemical-storage warehouse, filled with barrels of PCB-laced oil, burst into flames near the small town of St-Basile, 40 km southeast of Montreal. Dense smoke billowed in a dark pill over neighbouring farms, and more than 3,000 local residents had to evacuate their homes for 24 days. A report on the fire,



Bouchard: expectations

presented on Aug. 3 by Quebec Par Commission Cyril Deshaies, heavily criticized both the Liberals and the former Parti Québécois government for failing to adequately monitor the warehouse, which had been jammed beyond legal limits with barrels of PCB-contaminated wastes. But it was the Quebec government's attempt to address the still-unresolved problem of how to dispose of the remaining 3,500 tons of waste not consumed by the warehouse fire that sparked the latest uproar.

Quebec government officials apparently thought that they had dealt with the problem earlier this summer. In July, they agreed a \$2.9-million contract with Montreal-based Dynama Environnement Inc., a Canadian agent for McAlm International Ltd., a British company that owns a toxic waste disposal facility near Pembury, Kent. Under the agreement, Quebec was to ship containers loaded with St-Basile PCBs to McAlm's Welsh plant for destruction. The contract was similar to others reached between Canadian owners of PCBs—among them, the New Brunswick Electric Power Commission—and three active Canadian waste sites in Britain.

Over the past several years, but, while earlier ships loaded and been disposed of without incident, Quebec's agreement with McAlm coincided with a mounting campaign by the British wing of Greenpeace to stave the flow of toxic wastes abroad that country. Said Paul Holmes, director of the organization's toxic unit, "We are not becoming the dumping ground of the world. These wastes should be dealt with by the countries that produce them."

The Quebec plan began to go awry on Aug. 9, when British Greenpeace activists blocked the Soviet freighter *Nadezhda Obolenskaya*, carrying PCBs from Montreal's Tremble Inc. as a tank to store the Thames estuary port of Tibury. Hours later, authorities learned the ship was carrying a toxic load of PCBs. That action set the pattern for last week's refusal by dockers to unload the *Nadezhda Obolenskaya* and later warning that a third ship carrying PCBs from St-Basile would also be sent back to Canada.

As it became evident that the Liverpool dockers would not unload the *Nadezhda Obolenskaya*, Quebec Environment Minister Luc Bouchard contacted her officials to prepare a list of alternative storage sites. And at 12:30 p.m. on Aug. 24, Bouchard's office called Beauport Mayor Roger Theriault to inform him that the ship would be stored nearby. An announcement of the decision, at first planned for 2 p.m. that day, was delayed for four hours, however, when Theriault and a last-minute assembly delegation of other Beauport-area mayors assembled after a meeting with Bouché in Quebec City.

The mayors demanded—and won—a number of assurances from Bouché. Among them: a guarantee that the PCBs would not be stored at the site for longer than 18 months, a promise that no other PCBs from other regions would be brought in, and an undertaking that the provincial government would continue to monitor local PCB pollution in the St. Lawrence River from nearby industry. Said Theriault, "We are just like everyone else—we didn't want the PCBs in our backyard, but we knew we couldn't prevent the government from doing what it wanted. So we tried to get as much out of them as we could in order to save it."

At week's end, it seemed clear that no deal existed on what to do with the PCBs would be made until at least next July, when a special commission of inquiry into Quebec's toxic waste problem is expected to deliver its report. But, even so, the province's attempt plan to ease the St-Basile wastes at the Minto 2 site remained far from assured. The plan called for the two Soviet freighters to unload their hazardous cargo at Beauport as their arrival back in Canada next week. Containers from both vessels would then be transported along a winding 30-km road to Minto 2, while the remaining 6,339 tons still at St-Basile would be moved by ship to Beauport and then by ship to Beauport. But as public opposition to the plan mounted, some Beauport residents declared that they would refuse to handle the cargo, and 700 employees of the Minto 2 plant also threatened to block the shipment.

With the controversy over the government's handling of the PCBs clearly far from over, the Beauport strike plans quickly became an election issue. In London, Jacques Parizeau and other supporters of the Bloc Québécois party, which won 10 seats in last week's provincial election, offered last night and last night revealed several violations of the standards for such facilities. The site, Parizeau said, was found to leak proper storage and storage signs, did not have an acceptable worker safety system and was poorly guarded. The Quebec government's decision to place the PCBs there, said Parizeau, "was like sending a red flag at front of a bull." But Environment Quebec spokesman insisted that problems at the site had been rectified. Declined Bouché's press secretary, Jocelyne Robitaille, "The changes that were required by the inspectors were carried out, and the site now meets all government regulations. It will be over many years as we implement the special measures for the St-Basile shipment."

But in the background of the debate was the uncertainty over the loss of health insurance that the mandated PCBs pose. A first-respondent, only liquid waste with PCBs was widely used as a lubricant and coolant in electrical transformer for decades until its potential as a health hazard



Parizeau: negotiations

National Notes

PERMANENT DAMAGE

Doctors said that former communist and communist soldier, now a member of the Communist Party, 37, has permanently lost the sight in his right eye as a result of a motorcycle accident last month near Edmonton, N.B. Wilson resigned from the cabinet on Aug. 2 after pleading guilty to sexual assault. Resignations from his second spouse, his second wife, and his second wife that he was married to return to work as an MP.

VOTING FOR A SENATOR

The Alberta legislature gave final approval to a bill allowing voters to elect a candidate for the province's vacant Senate seat. An election could be held in early as Oct. 16.

"CIVILIAN" CHARGES

Police in Atlanta, charging the so-called "Civilian" suspect in the death of more than 21 million in a prison and on the way to a prison, said that they are asking for the extradition of Alvin Eugene McGraw, 34, of Saint John, N.B., on two theft charges. McGraw, who spent three years in prison in Atlanta for their before being deported to Canada in 1983, denied the accusations.

MINORITY FOR A PRIST

A Roman Catholic priest in Pontiac, B.C., Rev. Leonard Philip Buckley, was sentenced to five years in prison after pleading guilty to sex charges of children. He was charged with the sexual abuse of three children and one of the children's sexual abuse. Judge Gale Sellar stated that the charges amounted to at least 1,000 accidents over 17 years, involving boys as young as 7.

ALLEGATIONS OF ABUSE

Senators have asked for an investigation of long-standing allegations of physical abuse at the Beauport homes for emotionally disturbed children in Regina, Rev. Leonard Philip Buckley, who spent three years in prison in Atlanta for their before being deported to Canada in 1983, denied the accusations.

LIBERAL SPENDING

A group of representatives of potential Liberal candidates is planning to allow each candidate to spend as much as \$1.9 million from party coffers in the two-year period a controversy within the party's ranks. Several Liberal MPs and senators, who showed a special caucus meeting in Quebec, N.B., criticized the plan as wasteful and excessive and recommended that the party limit spending to no more than \$500,000 for each candidate.

led to its burning in many countries—including Canada in 1977. Since then, tons of PCB compounds have gone into storage in the industrialized world, slowing the development of facilities for their destruction. Although researchers have produced cures in laboratory animals with PCBs, the chemicals have not been directly associated with disease in humans. But they are a potential hazard in another way: if they burn at relatively low temperatures, as in the St-Basile fire, they can produce other toxic chemicals.

In Britain last week, waste slimmers accused Greenpeace of evincing the risks posed by the Quebec wastes. Noted Sir Hugh Ross, chairman of the all-party House of Commons Environmental Select Committee: "Public anxiety over the importation of PCBs is understandable but groundless." Ross lamented the decision to turn the Canadian wastes over to St-Basile. "This is highly regrettable. It will mean a loss of income and the chemicals are world leaders in testing these chemicals." And in Montreal, Claude Rivest, emergency co-ordinator for Environment Canada, observed that the PCBs from St-Basile had been packed so securely in triple-walled steel containers that they could be stored almost indefinitely without change. Said Rivest: "They are packed as if they were live explosives. If we are guilty of being too careful, we are guilty of being too careful."

But such reassurances have failed to allay public fears. Environment Canada estimates that, in 1977, approximately 26,130 tons of PCBs were in use. Most of that is still being stored at hundreds of sites scattered throughout the country, because only one disposal facility in Canada—in Swan Hills, Alta.—is capable of destroying the chemicals at temperatures high enough to avoid producing the dangerous byproducts. Negotiations to ship the St-Basile PCBs to Swan Hills for burning were suspended when Alberta officials told their Quebec counterparts that they could not immediately accept the wastes for disposal due to a backlog of locally held PCBs slated for destruction.

Meanwhile, plans to construct similar disposal facilities elsewhere have frequently met intense opposition. In Quebec, Saurin Group Inc., a Montreal-based company, has proposed



St-Basile fire: often-cited local opposition to storage depots and disposal facilities

to construct a PCB incinerator in remote north-west Senneville, near Val d'Or, 250 km north-west of Montreal. Senneville already operates a storage depot for toxic wastes in the area, and the towns council of Senneville gave the project its blessing, a decision bolstered by an opinion poll that found that 58 per cent of the community's residents favored the incinerator project. But the plan was put on hold when residents of the surrounding area—especially in the nearby

village of Val d'Or—strongly opposed the project. Indeed Val d'Or Mayor Marie St-Germain threatened last week to organize a human blockade of the highway leading to Senneville if the government tried to ship the St-Basile PCBs there for storage.

Quebec has also been examining the possibility of allowing portable incinerators to destroy PCBs in the communities where they are already stored—an idea that would bypass possible local opposition to large facilities such as that proposed for Senneville. But the Quebec government has so far withheld its approval from one such proposal being promoted by the SNC Group of Montreal.



Bourassa: nightmare

ed by the SNC Group of Montreal.

The federal government has been examining a similar proposal. Last fall, then-Environment Minister Thomas McMillan announced that Ottawa would acquire portable incinerators of its own in order to dispose of PCBs under federal control. He said that the first hazardous material to be destroyed would

be 2,500 tons of soil at an asbestos in Goose Bay, Labrador, contaminated with PCBs in 1977 when it leaked from old transformers used to deliver communications equipment. However, opposition by local residents, environmentalists and delays in completing federal emission standards have put the project many months behind schedule, and so far no wastes have been destroyed.

Star line McMillan's successor, Lucien Bouchard, had any success in imposing national standards for disposing of PCBs. In fact, the federal Environmental Protection Act contains a gaping loophole in a clause that allows provinces to exempt themselves from federal standards. Every province except Prince Edward Island has chosen to do so. And Bouchard has so far failed to deliver a sweeping new environmental standards policy line promised late last autumn following the November election that returned the federal Conservatives to power. But, for now, whatever political route is to be taken by the PCBs seems destined to disclose the doorknob of Bourassa's government. Last week, protesters based in Baconville arrived in three-caravans to explain his proposal. And the province's powerful Confederation of National Trade Unions threw down a challenge to the Liberal leader with a communique issued late in the week. "If Bourassa thinks there is no danger," the document asked, "why doesn't he make this gesture of solidarity at home, as his own father?" Clearly, for the embattled Quebec premier, it was a question with no easy answer.

NICHOLAS ROSS with JONN HORRIGAN in Calgary, JESSIE WALLACE in Ottawa, BRENDA O'BRIEN in Montreal and JAY RATHBON in London

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An Anglo rebellion

English-speaking Quebecers voice their anger

The prospect, well-trodden farms and two-covered hills of Quebec's Eastern Townships rising over the province's border with Vermont, 58 km southeast of Montreal, present a picture of rural peace. But behind the bucolic facade lies a growing political firestorm. The region's English community, which accounts for 30 per cent of the region's 32,500 eligible voters, has twice as electoral weight behind its preferred candidates as Liberal politicians. But in the Sept. 25 provincial election, anger over Premier Robert Bourassa's controversial language policies has prompted many Anglophones to rebel against the Liberals. Their tactic: the nomination of an independent anglophone candidate.

Neither Keith Ryan, the region's premier candidate, nor their concerns in the national assembly. Under Keith-Ryan, 48, a bilingual real estate agent and former municipal councillor in the town of Knowlton, "We have been betrayed by the government, and people are looking for an alternative."

The discontent in the Eastern Townships mirrors a serious problem facing Bourassa across English voters across the province. The most frequently voiced complaint: that the premier failed to promise made at the last election campaign in 1985 to reduce the use of English in commercial signs. Liberal strategists acknowledged last week that anglophone support for the party has eroded. But, with the Liberals holding 58 seats at dissolution, compared with 19 for the Parti Québécois—one seat held by an independent and four are vacant—they assured that their control of the national assembly is in no danger. For one thing, anglophone voters make up only 775,000 in Quebec's population of 6.5 million. And if they vote next month, their alternatives to the Liberals are either the separatist Parti Québécois or, in a handful of cases, independent



Parish: trying to capitalize on the discontent

or fringe-party candidates with little prospect of power.

Even in Eastern Townships, the chances of Keith-Ryan's determined campaign succeeding appear slight by any conventional measure. His \$10,000 budget is far less than the \$28,000 that the Liberal incumbent, Municipal Affairs Minister Pierre Paré, has and he plans to spend. In addition, disaffected anglophone Liberals have more than one choice in the riding. The only party, a rural version of the fledgling Montreal-based English-rights

Paré: a \$26,000 plan



Equality party, in this riding a candidate, Graham Neil, 41, a local beef farmer who is also executive director of McGill University's faculty of education. Keith-Ryan and her supporters have pinned some hopes on a 34th-known province of the provincial electoral law that allows Quebecers who have been living outside the province for less than 10 years to vote in the election. But experience: Quebecers had just 20 days after Bourassa called the election on Aug. 15 in which to register for

the privilege by mail, and by week's end less than 100 had taken advantage of the provision. So it, Keith-Ryan warned last week that English-speaking voters in her riding are angry enough to give her "a realistic shot" at winning. Said the Independent candidate: "People are calling me all the time offering to work on my campaign."

Paré, a 38-year-old lawyer who has held the riding since 1980, was taking no chances. He brought in a high-profile Liberal, Deputy Premier and Environment Minister Luc Bouchard, to speak at his Aug. 14 nominating meeting in Cowansville. His organizers also tried to the meeting a telegram from Bourassa that stressed Paré's importance as the cabinet. "Anglophones have found huge success with the Quebec Liberal party and they have lived long happy times," Paré told Maclean's, "but most of us will say that we still are there but representatives." Robert Lewis, 60, who is Paré's Liberal opponent, is an anglophone who seemed to agree. Said Lewis: "I wouldn't say I'm satisfied with everything they have done, but the Liberals are the lesser of two evils for English people."

Initially, 76 Lester Jacques Paré, who is competing on an independent platform, has tried to capitalize on the Anglo discontent with the Liberals. Paré, however, consistently challenges Bourassa in a campaign debate before an English-speaking audience. According to Paré, anglophones should not be asked to vote for the PQ in the coming election as a protest against the Liberals, because the party's platform calls for a series of referendums before Quebecers ever decide on their independence. "I want to know how many of these people have been by the Liberal government?" But Paré's advisers revealed that the real reason in the rebellious anglophone vote is a possibility beyond the 1995 contest: that present candidates may attract enough votes from the Liberals in these Quebec ridings where anglophones make up more than 10 per cent of the population to give the PQ a winning edge.

English language networks in Quebec have offered to broadcast any independent Paré's debate, but the premier has not agreed to the PQ leader's challenge. Instead, Bourassa has been quietly repositioning that English-speaking Quebecers have been well treated by his party, pointing out that he gave more anglophones important posts in his cabinet. Bourassa does not admit that the 1995 campaign last year in protest over his government's Bill 208, the law prohibiting English on outdoor commercial signs in the province. And, as they prepared for the current campaign, the Liberals had difficulties attracting high-profile anglophone candidates in several key ridings. Said Bourassa of his problem in appealing anglophone voters: "I hope that, with time passing and such a bit less emotion, the English will be more understanding of our position." But for now in the anglophone community, a 47-day campaign may not be long enough for that to happen.

MICHAEL BROWN in Quebec

Suburban appeal

The Tories review their new, nonrural base

The organizers call it a strategy session for the Conservatives' next decade. And for the estimated 4,300 Progressive Conservatives gathering at Ottawa on Aug. 24 for a three-day national convention, their first since 1986, it is a chance to celebrate back-to-back election wins in 1994 and 1998. It will doubtless produce generous praise for the performance of Prime Minister Brian Mulroney—who, along with his wife, Helen, will mingle with the party faithful at a wrap-up picnic on Saturday. But, in their more reflective moments, the Conservative delegates will be forced to confront some unsettling facts.

For one thing, the legislative agenda that Mulroney's government will carry into the autumn session of Parliament is likely to be



Mulroney and family in Blue-Canada: divisive issues

dominated by the deeply divisive issue of abortion and the heavily unpopular federal deficit tax proposal. At the same time, new major new initiatives, in the environmental, business and to emerge, while another, dealing with telecom-

munications, threatens to generate opposition from the provinces. But, for many older Conservatives, the most unsettling moment may come on Thursday, when party conservatives assess the fruits of an in-depth review of who supported the party in last November's general election—and who did not. The central conclusion, the Progressive Conservative party that many Tories grew up with is vanishing.

For decades, the Conservatives were mostly the party of the Prairies and small-town Ontario—and retaining enough in those areas was crucial to the party's 1988 election victory. Alberta and Tony Mox to Ottawa from 25 of the province's 28 federal ridings—both urban and rural. But the post-election analysis to be delivered in its entirety at a workshop on Thursday evening—details of which Mulroney's abstracted last week—shows that, in much of the country, the party's old business are living collapsed. In their place, the party is consolidating its hold on French Quebec and swinging to the political core of the suburbs, especially around Toronto. Indeed, the typical Tory voter of 1989 is less likely to be found riding a combine on the Prairies than piloting a four-door sedan through a snarl of commuter traffic.

The welcome message for Conservatives in those findings is that the party appears to have captured key elements of the electoral coalition that returned numerous Liberal governments through much of the 1960s and 1970s. But some analysts struck a warning note as well: urban voters, they said, are notoriously less strongly wedded to their political allegiances than the old rural Tory loyalists. Sent political scientist George Farkas of Queen's University in Kingston, Ont. "Have we got a new core of Tories? I think not. Urban voters are more volatile. You can't count on them."

For many delegates, however, the implicit theme of the Conservative's changing makeup can likely be extrapolated by the party's immediate political challenges. The party gathering in taking place one month before Parliament resumes, and the fall session is bound to be a stormy one. In the wake of a succession of controversial court rulings over abortion rights in the summer, Mulroney is poised to introduce a new abortion law to replace Criminal Code provisions struck down in an unconstitutional last year. But the party's parliamentary caucus has so far been unable to bridge its own divisions over the issue. At the same time, a backlash against Premier Minister Michael Wilson's proposed nine-per-cent tax on used goods and services promises to make that a tough issue to handle.

But those are not the only storm-gathering for the Tories. On one other front, Conservative Minister Marcel Masse is expected to unveil a new telecommunications policy, after the Supreme Court of Canada cleared the way for the federal initiative with a ruling on Aug. 14 that the industry falls under Ottawa's jurisdiction. Last week, provincial leaders in Manitoba, Saskatchewan and Alberta were quick to signal their opposition to the policy—designed to give Ottawa expedited powers to regulate provincial telecommunications companies. Saskatchewan

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A Better Way

THE AGONY OF BEIRUT

Pope John Paul II called a "genocide" and had the Islamic majority on the Syrian, UN Secretary General Javier Pérez de Cuellar took the unusual step of convening the Security Council on his own initiative and secured a unanimous call for an immediate ceasefire. In response, the unprecedentedly heavy bombardment that had raged for weeks of divided Beirut for six straight days eased considerably. At the height, thousands of terrified civilians had been forced to cower in underground shelters, while others threw themselves out of control, hospitals ran out of crucial medical supplies and—with help if possible—the bodies of the dead were dumped outside the supermarkets. But, even though the heaviest pounding in 34 years of intermittent civil war slacked off somewhat, there was little indication that the Lebanese capital's long agony was about to end. In fact, it seemed that the slaughter could start up again at any moment should Syria and its Lebanese Muslim allies reverse their strategy to subdue the country's beleaguered Christian minority.

As the carnage of the previous six days gave way to relative calm, the supermarkets remained unopened. But France—which has historic links with Lebanon—ordered the 6,100-ton destroyer *Duguesne* to the eastern Mediterranean, followed by the 32,600-ton aircraft carrier *Radiant*. A French foreign minister statement said the warships would "provide any assistance that may be necessary" to protect the estimated 7,000 people who held dual French-Lebanese citizenship. But it was not clear how the show of force would help attract France's extensive diplomatic campaign—including the dispatch of a junior minister to Beirut last week—to stop the fighting, which has claimed at least 743 lives in the past five months.

Beirut and its environs had been suffering under extremely sticky changes since March, in the latest phase of a civil war that—with Syria playing a self-proclaimed peacekeeping role—has raged intermittently

FOR SIX SAVAGE DAYS, BEIRUT WAS BATTERED BY THE WORST BOMBING IN 14 YEARS OF WAR

since 1975. Over 34 years, the horrors of that conflict have become a matter of grim routine. But with world attention in early August centered on Lebanon because of the terrorist murder of U.S. hostage Lt. Col. William Higgins, Christian warlord Gen. Michel Aoun stepped up his campaign to drive the 40,000 Syrian troops out of the country. The Syrians and their allies fought back ferociously, and within days so many shells were crisscrossing the

skies over Beirut that observers reported seeing some of them colliding in mid-air.

By the end of last week, Marwan's Correspondent Lara Mackover reported from Marwan West Beirut that an estimated 90 per cent of the city's 1.5 million people had fled. During the last following the 100 ceasefire call, thousands of civilians straggled from underground shelters to find battered cars with bullet holes and even refrigerators and freezers—Muslims to the south and Christians to their northern enclaves. With their departure, the middle-street sidewalks were left deserted and silent, except for the sound of the occasional shell landing between the Christians and Muslim sectors.

Bombs began by exploding on the sidewalks, and it was impossible to find a city block without shell holes or charred buildings. Among the very few civilians remaining were Lebanese journalists employed by Western news agencies. At the height of the barrage, Associated Press correspondent Patrick Meier, 50, had what he calls "my closest call in 34 years of

covering this civil war." It happened when he went to his apartment on the sixth floor of the 10th office building to switch on his law or two of sleep. "I dropped off immediately," he recalled, "but the next thing I knew my head hit the floor. For a moment I couldn't figure out what had happened. I hadn't even heard the explosion." Aous had been thrown out of bed by a missile that hit an unoccupied apartment one floor above. It blew out all his windows and doors but left him unscathed.

Another journalist who had a close call was Naji Khazima of Agence France Presse. His roof edge in a hotel he was doing a particularly heavy barrage and opened a whiskey to steady his nerves. A shell hit the building, and "nearly 200 bottles of whiskey, gin and brandy began whizzing past me." Then, said Khazima, "I looked down at my hand and saw that my glass of whiskey had been blown out of it."

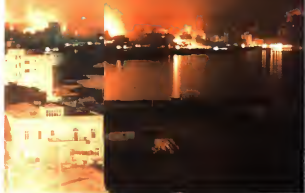
Pan Beirut was another case that seemed of great interest. Aous Qutayman, 31, was months pregnant, was critically wounded when a shell from the Christian side hit her West Beirut home on Aug. 14. She died shortly after arrival at the Mikhael Hospital, and three minutes later her child, a girl, was delivered by cesarean section. Her husband, Hassan, immediately named the child after his wife. "I have lost Aous," he said, "and now God has given me another Aous." But after four days as an

incubator, baby Aous died, and hospital authorities were unable to find Hassan, he had taken his wife's body to southern Lebanon for burial because all the cemeteries in Beirut are overflowing.

Despite the international hatred expressed by the fighting, not all Beirut Muslims blame Aous for the misery they are enduring. Said Pado-Sano, 22: "Maybe he is the only real Lebanese in this country because he wants to get the Syrians out." But Sano conceded that most of his compatriots wanted the Syrians to stay "because they are afraid that the Christian army will come and kill them."

In their campaign to crush the coordination Christian community and confirm their hegemony over Lebanon, the Syrians are aided by a number of Muslim and left-wing factions. They include Aoun, the mainstream Shiite group headed by Nabih Berri, which has about 6,000 men under arms, the 4,000-strong Thawma militia of Walid Jouhad's Progressive Socialist party, the Party of God, or Hizbollah, which has some 3,000 fighters, even allegiance to revolutionary Iran, and is believed to be holding part of the at least 15 Western hostages in Lebanon, and various radical Palestinian groups who oppose Palestinian leader Yasser Arafat as too moderate.

Leaders of all these groups, as well as the Syrian and Iranian foreign ministers and Syrian



Beirut lit by shellings: no many shells that some were colliding in mid-air

Women and child behind sandbags in Beirut: a grimy routine



World Notes

FEDERATION FEELINGS

In Moscow, the President of the Supreme Soviet decided that an election was the Soviet republic of Belarus that depends on Soviet citizenship—mostly Russians—of the right to vote was unconstitutional. And an estimated 40,000 Russian workers in Belarus decided to support their 20-day-old protest strike against the law.

A VIOLENT ANNIVERSARY

In Northern Ireland, masked nationalist rioters attacked police with gasoline bombs, while thousands marched in Belfast and Londonderry. The protests marked the 20th anniversary of when British army troops in the area tried to try to fight fighting between Roman Catholics and Protestants. Since then, the conflict war has taken 2,752 lives.

POWER STRUGGLES

In a dispute over who should become first commander of China's powerful military commission, soldiers loyal to President Yang Shangkun—a key figure in the crackdown on pro-democracy demonstrators in Tiananmen Square in June—appeared to have defeated Defense Minister Qian Qun, who had opposed the use of force. Spokesmen for China's defense ministry, however, denied that the defense took place. Meanwhile, Western diplomats in Beijing said that Communist party leaders appeared divided on whether to lift martial law.

KILLERS ON THE RAMPAGE

Colombian leading congressional candidate, Luis Carlos Galán, a campaigner against the country's widespread drug trade, was fatally wounded by machine-gun fire at a political rally in a Bogotá suburb.

TOUGH TALK

Ireland's parliament elected a hard-line majority anti-Western bloc. The bloc—on security, a post created by new President Ali Akbar Hashemi Rafsanjani, a moderate.

A HORRIFIC SLOBBERSIDE

Thieves stormed an army jail in the Philippine city of Davao, after prisoners took 15 minutes to escape. The army said that it killed the 16 hostage-takers during the attack and saved the lives of 13 of the prisoners. Five murderers were killed, but the army claimed that the prisoners that they before the troops moved in. In Lebanon, opposition leader Jassim Pasha, however, charged that the military sacrificed hostages' lives to demonstrate its toughness.

military intelligence chiefs, gathered in Damascus last week for a round of war. They discussed strategies for the defeat of Assad and committed themselves to a united front on his 28,000-strong army and its 6,000 strong Christian militia allies. Officially, the Syrians deny that they have been directly involved in the fighting, claiming that they are still carrying out the peacekeeping role under which they entered Lebanon in 1976 as part of a multinational Arab force.

With Syria's Lebanese allies, the Syrians display an over-whelming superiority in numbers and firepower. But the Christians—now armed and supplied by Syria's Arab enemy, Iraq—are proving tougher than expected. Last week, shortly before the war council, they won a decisive battle in the mountains overlooking Beirut. It took place at Souk el-Gharb, once a Syrian outpost where, of all, should have been Syrian army units. The Rafiq-Royan and Caddafis that used to occupy the narrow straits have been replaced by the tribes and armed personnel carriers of Assad's 8th Brigade—the unit which on Aug. 13 refused a major assault by Jund al-Islam and the Syrian army.

It was a critical victory for Assad. Perched on a ridge, Souk el-Gharb commands a panoramic view of Beirut, its airport and its suburbs. The little town is the strategic gateway to East Beirut and the 300-square-mile Christian enclave to the north. Assad himself had said, "If Souk el-Gharb falls, it's all over."

Jund al-Islam tried to play down the setback. "It was just a raid," he said. Marwan's "We never meant to take Souk el-Gharb." But sources close to his wife in West Beirut gave differing accounts. They say that the Syrians had been pressing Jund al-Islam for months to attack the town and that he could not refuse any longer. "They persuaded him all the help he needed, and their 41st Brigade was supposed to support them in the fight," and the source, who asked not to be identified. The 41st Brigade is commanded by Gen. Wabdan Moudlak, who led the brutal assault on 1982 on the Christian Syrian city of Hama, massacring as many as 25,000 civilians.

Despite the psychological boost provided by the war council, Assad's apparent pessimism, though he drove back to his ancestral village of Maltara in the Shef mountains east of Beirut. If Assad wins or Lebanon is formally partitioned, he said, the Christians would try to take the Druze-held mountain region to link up with the pro-Syrian Christians of southern Lebanon. Declared Jund al-Islam. "We will never agree except Marwan's [Christians] domination. I will prefer union with Syria, with all these Maltakharis [locally political and local political freedom]."

Declaring the mountain road toward Jund al-Islam, but Lami-Rover spent just a group of misaligned orders, the country's national symbol. The ancient ruins are Syria from across the which there is no knowledge. So it appeared, was Lebanon's end.

JOHN DEERMAN with LAMA MARLOWE in Beirut and OMAR GAZAR in Beirut

SOUTH AFRICA

The end of an era

President Botha bids a resentful goodbye

There was no dignity or grace in the parting. For months South African President P. W. Botha, 53, had clung to the power that was rapidly slipping from his grasp. It was only with reluctance that he relinquished the leadership of the ruling National Party (NP) after suffering a stroke in January. But he retained the presidency and, in recent days, he sharply criticized his heir apparent, 53-year-old Frederik de Klerk, for planning to upcoming summit with Zambian President Kenneth Kaunda. Botha claimed that he opposed the meeting because Zambian provides the base for the banned African National Congress (ANC), which has waged a nearly 20-year guerrilla war against the Pretoria regime. But party insiders said that Botha was angered mainly that de Klerk—expected to replace Botha as president after a Sept. 4 general election—was acting as if he were already in power. Finally, on Aug. 14, Botha gave up. In a rambling, rambling and at times incoherent speech to the nation, the weary president announced his resignation.



De Klerk at swearing-in, facing an uncertain task

For the 10-year, facing his toughest test at the polls next month, he is expected to pay at in 1994. Botha's speech was a disaster. In part it was clearly aimed at reassuring his colleagues. Botha charged that de Klerk and other ministers had pressured him to retire early on grounds of ill health—a claim that he called "a lie." He also said that he was "being ignored" by his cabinet. De Klerk was sworn in the next day in a quiet ceremony, admitting a barely divided nation about Botha's 11 years in power. Although Botha demonstrated some pillars of apartheid—including the pass laws, which restricted the movement of blacks—South Africa's 26-million strong black majority remains disenfranchised, while a three-year-old state of emergency remains in effect. Said Frederik van Ryl, 51, leader of the liberal opposition Progressive Federal Party (PFP), "Botha combined repression and reform with equal ineffectuality and lack of vision."

Last week, de Klerk reiterated his commitment to ease apartheid aside rapidly. But with

the election only weeks away—and the right-wing Conservative party poised to contest the NP's 27-year majority—no could out the idea of one person-one vote in a unitary state because it would mean "black domination." Still, de Klerk vowed to meet Kaunda on Aug. 28 in the Zambian border town of Livingstone, where

the two statesmen are expected to discuss ways of bringing the ANC and PFP together to negotiate a peaceful settlement of South Africa's racial and political tensions.

That task will clearly be difficult. Last week, an ANC spokesman pledged to condemn the guerrilla war. Meanwhile, leaders of the Inland Democratic Movement—a loose alliance of hundreds of South African anti-apartheid groups—vowed to heighten its campaign of civil disobedience against repressive laws and the coming election. That would defy a government threat to crush all protests, and it could plunge South Africa into another round of violence. With Botha's resignation, de Klerk vowed a personal political victory. But his battle against the rule of black consciousness seems to have just begun.

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WALESA'S REVOLUTION



Mazowiecki (left) with Wałęsa: a convenient metaphor and a homely illustration of problems

THE SELECTION OF A NON-COMMUNIST AS PRIME MINISTER OF POLAND CAME AS A HISTORIC SHOCK

The previously unthinkable had happened: Polish President Gen. Wojciech Jaruzelski had sworn veteran Solidarity activist Tadeusz Mazowiecki last Friday, Aug. 18, to break a constitutional crisis and become prime minister. Mazowiecki, 62, of course, accepted and was harrying as he swayed around, chairless-down government cays to report back to his Solidarity colleagues. Then the car ran out of gas—and the 62-year-old prime ministerial nominee got out and began to push the vehicle to a nearby filling station. But he found his legs there and, shaking the car, Mazowiecki telephoned to ask his son to drive him to his destination, where he arrived 20 minutes late. The senior-lord needed was a convenient metaphor for Poland's current economic plight and a homely

Mazowiecki's acceptance, formally announced by Jaruzelski last Saturday after days of tense negotiation with the Solidarity leadership, reduced the once all-powerful Polish Communist party to angry and incoherent outcry. With their 45-year hold on power broken, members of the party's 200-strong Central Committee gathered in a state of shock to consider their future. It appeared to be a bleak one. The acceptance, after meeting on Saturday, agreed to accept Mazowiecki and to take part in a Solidarity-led government to take part in a Solidarity-led government; "there is no alternative."

As Poland's top Communist winged behind closed doors, Mazowiecki spent much of the day walking in the woods outside Warsaw, contemplating the cabinet list that he would be selecting for parliament's approval this

illustration of the sort of problem that will confront Mazowiecki—the Soviet Bloc's first non-Communist head of government since the early postwar years—as he will his colleagues pick up the reins of power.

With inflation running at an annual rate of more than 100 per cent, a crushing foreign debt burdened \$46.1 billion, a grain scarcity of almost every kind of consumer good and even the most basic food items, falling productivity and a meager industrial productivity to deal with, Mazowiecki's task was Herculean. And Solidarity's accession to power had been so fast and so unexpected that its leaders seemed to have no blueprint ready. Asked how he planned to overcome Poland's economic problems, Mazowiecki—a leading Roman Catholic layman—could only reply: "I am a believer, and I believe that Providence cares for us."

Brutality. Certainly, Solidarity's sudden rise to power seemed almost providential. As recently as last April, it had been an illegal organization, now it was the dominant partner in a coalition government. Even as a time of heady change, though, had the Communist world, the rise to power of the rebel trade-union movement that captured the imagination of the free world with its dramatic shifts in 1980—only to be crushed by martial law and forced underground less than 18 months later—was an astonishing political transformation.

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Polish parliament: the accession had been so fast and so unexpected that its leaders seemed to have no blueprint ready

work. Meanwhile, in the Baltic seaport of Gdańsk—Solidarity's birthplace—the movement's leaders, Lech Wałęsa, met with other Solidarity leaders to map out a strategy. The meeting adopted a resolution calling for the formation of a Solidarity-led government as "a major breakthrough in Polish public life." And, with an eye to the enormous economic problems to be tackled, the resolution added, "Our tasks as owners of the dramatic political situation of Polish families, and to express the conviction that the new government will immediately adopt prompt measures to relieve the economy and defend living standards."

'Weeks.' Although Mazowiecki's nomination had been public knowledge for several hours, the formal announcement was withheld until Jaruzelski's office issued a statement acknowledging "a need to create a government meeting the necessary support of parliamentary party groups." It added the hope that such a government would help overcome Poland's economic difficulties and "satisfy the needs and aspirations of Polish society."

One of the most striking features of a landmark week in Poland's history: transition from dictatorship to democracy—or something approaching it—was that it was unopposed by the Soviet Union. Under Mikhail Gorbachev's liberalizing re-

forms, the Kremlin apparently had no wish to interfere again in the affairs of its Polish neighbor—especially since Solidarity had said that it would allow the Communists to keep control of the key interior and defense ministries. So while the leaders of East-West Communist regimes in East Germany, Czechoslovakia and Romania had expressed alarm, the rising tension Gorbachev allowed Solidarity's accession to power to pass without comment (page 38). Another notable factor was that Wałęsa emerged with no formal role as the new government. The prime ministerial role had been his for the taking. But the 45-year-old Gdańsk shepherd electrician turned down the opportunity.

After a preliminary majority voted to give him the commission last Wednesday, he said: "I will not be prime minister. There are better people than Wałęsa." He accepted rather less negative when, questioned last, he said: "It's not my final decision. The final decision will be when they call my coffin."

Edits. But although, from a Western politician's perspective, it was equated as that would be seen as acceptance, Wałęsa plainly seemed to remain on the sidelines. Instead of showing his own sense to go forward, he presented Jaruzelski with a short list of three from which to choose. And Jaruzelski—faced with a severe constitutional crisis as Poland

reopened without a government almost two months after national elections dealt the Communist party a humiliating defeat—had to make up his mind quickly. His options were Wałęsa's close adviser Mazowiecki, a law-school graduate who edits the Solidarity weekly *Tygodnik Solidarności* (page 37), Bronisław Geremek, leader of the Solidarity weekly parliament, and Jacek Kuron, once a Communist himself who became an ideologue of the party and spent nine years in prison for his activities.

'Secret.' From the outset, the low-key Mazowiecki appeared to most observers as Jaruzelski's most likely choice. Kuron, in particular, was unflinching to the Communists. Solidarity activist Adam Michalik once said, "If the Communists want to scare the children, they mention Kuron's name and name." The sign, the lower house of parliament—where Solidarity and its coalition allies, the United Peasants and Democratic parties, control 364 of the 460 seats—was almost certain to confirm Mazowiecki's nomination this week. Although Wałęsa, the 1983 Nobel Peace Prize laureate, is not a member of parliament and holds no official position in the government, he will clearly wield considerable power behind the scenes.

Solidarity will spearhead the new government in partnership with the Democrats and the United Peasants, who face more than four decades but have kept alive the Communist. They will be responsible for managing the troubled economy and the day-to-day life of the country. The prime agreement by which the Communists will be allowed to retain control of



Jaruzelski's landmark week

THE COMMUNISTS WERE IRREVERENT. MANY BURST INTO BITTER LAUGHTER

the armor and defense minister was a stern covey by Wlodek to shy possible bomb fears that, under Solidarity, Poland might seek to desert the Warsaw Pact alliance. But, although this meant that—in the time being, at least—the Communists continue to attempt the armed forces, the unarmed police and the

most newspaper, *Trybuna Ludu*. Many disturbed critics of Gierka, and, in the autumn summer heat, one woman deputy fanned her neck with it.

As if to prove the disaffected deputies' point, the official news agency, PAP, later issued a statement that Gierka had little enthusiasm for the

and group supporting them." Solidarity officials denounced such objections and rejected openly at the Communists' derelict. But Solidarity spokesman Janusz Onusiewicz: "This is the first time in the history of the leading role of the Communist party—the end of the whole concept."

Overseen, ethnic Poles inspired their enthusiasm with caution, if not downright pessimism. Commie Lesniewski, president of the Washington chapter of the million-member Polish American Congress, said that he felt "very excited and very uneasy" because "the Polish people are very suspicious and Solidarity might



Wlodek and his wife, Donata, with the Pope in April in a stunning political coup after a long and arduous path to power

secret police, the party was a vital one as counter- or termed "a state of shock" over its fall from power.

At an extraordinary midnight meeting of the Communist parliamentary caucus, one deputy asked, "What has been left for us?" Another: "Are we not denied for me and the party?" Looking tired and drained by the task of showing up a party that may have no real future, Jędrzejewski murmured Radecki attempted to placate the deputies. But he had accused Solidarity of "mounting a coup." Now, he called Jędrzejewski's decision to accept a Solidarity prime minister as "a step forward to defeat the national crisis." And he promised that he would fight hard for maximum Communist representation in the new cabinet. "Our presence on the cabinet government will be the subject of struggle and bargaining," he said, warning that "there are risks in principle."

In fact, the deputy went on in a highly measured mood. Many burst into bitter laughter when Radecki disclosed that Kuzma's name was one of the three on the short list to lead the new government. Some also derided the party's creaking propaganda machine, saying that they learned more about what the party was doing from the Solidarity daily, *Gazeta Wyborcza*, than from the official Com-

munism expressed at the meeting. "The Communist party parliamentary caucus expressed its objection at the weakness of the Solidarity parliamentary caucus and another social force to take part directly in running the country," it said. "We see in this a new value which is indispensable for our society and the state."

Dreadful. Despite their deep enmeshment, Communist deputies swept under a cardinal Marxist principle last Thursday and approved the creation of a government, which, in Western style, will be answerable to parliament and not to the party leadership. Party officials outside of parliament were less accommodating. Radecki said a meeting earlier that day of more than 200 Communist factory managers who took the party leadership to task for having agreed to liquidate Solidarity last April, as well—as one critic put it—"letting a fascist regime" in Communist rule in Poland.

The meetings passed a resolution accusing Solidarity of engaging on an expedient bid April under which it allegedly agreed that the Communist party would remain dominant to government until the next elections, in 1990. "Such conduct shows the slightest lack of members of the party and its supporters," said the resolution. "We express our skepticism at the contradictory scenes of opposition leaders

be blamed for all the mistakes the Communists have made." Said Janusz Rępański, a fellow at East European studies at Washington's Centre for Strategic and International Studies: "Once Solidarity is in office, it will face massive economic and political problems. The best the Communists can hope for is to stand on the sidelines and let Solidarity shoot itself in the foot. Then they can say 'Look, we gave democracy a chance, and it did it wrong.'"

Crushing. Polish Catholics, accessible, rejoiced at Solidarity's success, but some worried equally over the deflection that he aimed for the new Solidarity-led administration. Paweł Jędrzejewski, editor of the *Taras*-based Polish language weekly *Głos Polski* (English: referred to the threatened Soviet intervention that led to the ending of Solidarity in 1981. "The political situation is better than it was eight years ago," he said, "but the economy is in the worse shape." Solidarity would create economic benefits, said Jędrzejewski, but "these things could be done at just a few weeks. Heavy Poles are more interested in food than political power."

The chain of events that led Solidarity to the third round of power last week began with partially free parliamentary elections on June 4

and June 18, in which the trade-union movement successfully defeated the Communists. Solidarity candidates won 99 of the 100 seats in the newly created senate, which has limited veto power over the Sejm, and all of the 160 seats they were allowed to contest in the Sejm. Even more humiliating for the Communists was the fact that voters crossed the names of 33 out of 25 top party members—who were running up-and-down—off their ballot papers. The reported candidates included Jan Puzoski, a former minister. Radecki and seven other members of the party Poliburs. As a result, the Communists had to turn to Solidarity for help to fill the 33 vacant seats. After seven hours of bargaining, Solidarity agreed to the new round of elections on June 18, in which 33 new candidates—less objectionable to Solidarity and the electorate—were recommended.

Crucial. When the new lower house convened in July, the Communists held 173 seats, the pro-government Catholics 53, the United Peasants—who allied to the Communists—76 and the Democratic party, another Communist ally, 27. That gave the government 299 seats in the Sejm, while the Solidarity opposition held 161 seats in the lower house and had total control of the upper chamber.

In the atmosphere of open public rejection of the Communists, Radecki was clearly in no position to form a government; and when these party chairman Jędrzejewski became president,

Radecki took his place as party leader. Jędrzejewski thus nominated Gen. Czesław Kiszczak—who, as interior minister, had overseen the oppression of Solidarity and the detention of thousands of its supporters—as prime minister. He was confirmed by parliament on Aug. 3, but only in a bitterly contested vote and after a revisionist revolt by the Communist United



Electoral crowd's jubilation after the votes were counted off

Peasants and Democratic party allies.

Faced with the likelihood of forming a new government, Kiszczak proposed a so-called grand coalition with Solidarity. Wlodek and his colleagues rejected Kiszczak's proposal, and, as a surprise move, invited the Communists' secretary to appear alone to take part in a Solidarity-led coalition. Alarmed at the prospect of Solidarity taking power, Kiszczak

offered on Aug. 14 to stand down and let United Peasants' leader Roman Maleskiwa form a government "in which representatives of all forces in parliament would be included."

Message. But, by then, the Peasants' party—and the Democrats—had decided to throw its lot with Solidarity. Wlodek issued an apparently inorganic check-statement proving

Kiszczak's expressed willingness to stand down as demonstrating "a feeling of responsibility towards Poland." And on Aug. 16, Solidarity deputies combined with their own Peasants and Democratic allies to pass a resolution calling for the formation of a government under Wlodek's leadership. Although Wlodek declined the prime ministry, the message was clear: Solidarity must lead the new government, and Jędrzejewski had little choice but to concede. The previously announced deal had occurred, and for the first time in history a Communist regime was about to hand over power peacefully to an administration that would be led by non-Communists—a fact, anti-Communists.

It was a stunning political coup for Wlodek. But long and arduous as the path to political power had been, that might prove to be the easy part. The economic and social problems that Solidarity must now tackle as office could prove far more arduous.

JOHN BIERMAN with DOUGLAS TURNER
in Warsaw and correspondents reports

THE NEW MAN AT THE TOP

Tadeusz Mazowiecki, Poland's prime minister-elect, is, by some estimates, less than 30 years old. He is a writer, parliamentarian, teacher and radio operator. A reserved and bookish Roman Catholic intellectual, he leads the charisma of shapely eyebrows. Led Wlodek, the two men formed a close friendship during the Solidarity strikes that opened Solidarity in August, 1980, and Wlodek calls him "a man of grand scale." Mazowiecki is less sanguine about his ability to lead the country out of its economic mire. "I fear many things, but most I wish to have less to be a total person," he said after a meeting last week with President Wojciech Jędrzejewski. "Socialism must still try."

A low school graduate and a journalist by profession, the 37-year-old Mazowiecki seems to prefer writing to politics. Unlike

other senior Solidarity activists, he did not run for parliament last June but instead resigned *Trybuna* Solidarity's weekly magazine. He had asked until it was named under martial law in December, 1981. However, he has 10 years of parliamentary experience dating back to 1970, when he served as a deputy for a small Catholic opposition group. During that time he also edited the Catholic monthly *Wzrost*, in which he published articles banned by the Communist regime.

Communist authorities banned Mazowiecki from running for parliament in 1972 after he was arrested in connection with an inquiry into the army's slaying of dozens of working-class workers. He resumed official work again in the late 1970s by helping to organize the so-called *Ryng Uniwर्सytetu*, which led to his election as a member of the national assembly. He was elected to the Sejm in 1980, and he was among the first of Wlodek's advisers to be represented when martial law was declared.

Although Mazowiecki spent a year in an internment camp, he is not a refugee. The Rev. Henryk Jankowski, a priest who knows his

well, described his style as "wise, sensitive, cautious in opinion." But Mazowiecki earned the new reputation of a reformer at all five shipyards in Gdansk—and the support of the former Minister Czesław Kiszczak—by acting as a conciliator between Wlodek and the government during a 1980 strike. These contacts led to "solidarity" which produced the historic agreement legitimizing Solidarity and allowing it to participate in the June parliamentary elections.

Mazowiecki has been embraced by Polish Pope John Paul II and Pope Cardinal Karol Wojtyla, the head of the powerful Roman Catholic church. But Kiszczak, the Communist who stepped down in favor of a Solidarity premier, may prove to be a more reliable ally as the first non-Communist government in postwar Poland wrestles with the nation's staggering economic problems and an entrenched Communist bureaucracy.

DOUGLAS JENSEN with DOUGLAS TURNER
in Warsaw

THE WINDS OF CHANGE

REFORMS DIVIDE THE WARSAW PACT

Just before 8 a.m. on Aug. 21, 1988, Soviet aircraft began landing in quick succession at Prague's Ruzyne Airport. Within hours, Soviet tanks, followed by troops from Poland, Hungary, East Germany and Bulgaria, headed out across Czechoslovakia. The Warsaw Pact invasion—21 years after this week—finally crushed Czechoslovakia's

Prague Spring, an era of liberalization under then leader Alexander Dubček. The Czech reforms have been compared to the winds of change now sweeping Poland. And these comparisons have led to misleading claims over how much liberalization the Soviet Union will allow in Warsaw. But Kremlin officials last week reacted with equanimity to the prospect of a non-Communist-led Polish government. President Mikhail Gorbachev's chief legislative deputy, Gennady Yevseyev, said, "This is entirely a matter to be decided by Poland."

Fear. Developments in Poland also underlined the growing differences between Moscow's Eastern Bloc allies. Soviet governments in Poland and Hungary on the one hand and hard-line regimes in Czechoslovakia, East Germany, Bulgaria and Romania on the other. The hard-liners clearly fear that Polish reforms will spill over into their own countries. The Polish Sejm, or lower house of parliament, revealed those concerns. On Aug. 17, it overwhelmingly endorsed a resolution condemning the 1968 invasion of Czechoslovakia and expressed support for "democratic forces of renewal" there, warning of "threats" to their work that the good of their homeland. The Polish motion was tabled a day after Hungary's Communist party formally disassociated itself from the invasion.

Meanwhile, East Germany criticized attempts to suppress the invasion. "Socialism was partly destroyed," the Communist party daily *Neues Deutschland* said in an editorial last week. And in Czechoslovakia—which has persecuted its dissidents since 1968—the state-owned radio criticized Solidarity for pushing through "this Marxist interference into the internal affairs of Czechoslovakia."

Hungary has been moving slowly toward liberalization since Soviet troops avoided the country during the 1968 revolution, an action that resulted from three-pronged pressure: János Nagy's decision to withdraw Hungary from the Warsaw Pact; West young reformers in the party were against with the pace of reform act, in

May, 1988 they forced former Communist party general secretary János Kádár into retirement. The Hungarian Communists now led by Miklós Gábor, have postponed multiparty elections next year. While they are unlikely to win a majority, they are expected to finish stronger than their Polish counterparts because Hungary's opposition parties remain fragmented.



Nagy's rebirth: underlining the differences between hard-liners and reformists

ed. They have also tried in response to public opinion. Last June, Nagy—who was executed for treason 21 years ago, but received a hero's title in Hungary—was rehabilitated during a lavish government-sponsored ceremony.

Crackdown. In Czechoslovakia, Communist leader Miloš Jakes belongs firmly in the hard-line camp. But some Western analysts say that his country may be the next to adopt reforms. The regime had threatened to crack down if dissidents commemorated the 1968 invasion this week. Still, the dissident movement remains vocal. And the government has announced that it will introduce some five-year electoral reforms next year. Štěpán J. Václav, director of the University of Miami's Institute of Soviet and East European Studies: "You can't have a conservative regime in Prague while on both sides, in Poland and Hungary, they are making democratic reforms."

East German leader Erich Honecker has refused to consider reform, claiming that the

country's economy is "unreformable." But Honecker faces internal difficulties. An estimated 90,000 East Germans are expected to flee the country this year—most of them illegally because the government liberalized emigration regulations last January. Others have been slipping across the Hungarian-Austrian border since the Hungarian began demanding the

hurdled were forces along their border in May. And in recent weeks, thousands have sought refuge in West Germany's mission in East Berlin and in embassies in Budapest, Prague and Belgrade. Some of those who reached West Germany last week said that they had lost hope that Honecker, 77, would ever implement Polish-style reforms.

Hope. In Bulgaria, President Todor Zhivkov has publicly endorsed change, but he has implemented only a few modest reforms, including limited press freedom. And Romania—the only Warsaw Pact country that refused to participate in the 1968 invasion—will not even consider reform.

Solidarity's rise to power in Poland may now outpace other Eastern Bloc reform movements. And if the Solidarity-led government proves successful, perhaps even the people of Prague can once again hope for spring.

MARY NEMETH with correspondents' reports



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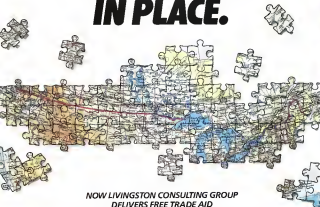
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1980 Lenin Shipyard strike: the seeds of revolt took root on a day in August.

THE LONG ROAD FROM GDANSK

TRIUMPH AFTER SEVEN 'LOST YEARS'

On a sultry August afternoon in 1980, Lech Wałęsa, a stoody electrician with a wiry mustache, rapped out 37,000 caviar-tones at the Lenin Shipyard in Gdansk to declare a "solidarity strike" with frustrated factory workers along the Baltic shore. At that heady moment, it seemed unlikely that, within weeks, Poland's Communist rulers would allow the creation of Solidarity, the first independent trade union in the Soviet Bloc. Even more unpredictable was the rapidity of its subsequent rise to power. Just weeks later, almost eight years after imposing martial law and crushing the short-lived trade union, it would permit Solidarity to advise Tadeusz Mazowiecki to withdraw to form the Eastern Bloc's first non-Communist-led government, once Soviet leader Josef Stalin consolidated control of the region in the late 1940s. For Solidarity, it was both a remarkable political comeback and a triumph of the human spirit. Declared a democracy, Wałęsa last week "There is a going back now. We will not allow old methods of governing to return."

The twists and turns along Solidarity's comeback trail parallel Poland's tumultuous 1,000-year history as a nation. After surviving numerous invasions by its neighbors, the Polish state was dissolved in the late 18th century in three successive partitions among Prussia, Austria and Russia. At the end of the First World War, a reawakened Poland emerged as an independent republic. But, just two decades later, its integrity was breached again—first by Nazi Germany, then by the Soviet Union. In 1945 a pro-Communist "Polish Committee of National Liberation"—established under Soviet auspices as the previous year—became a provisional government.

Upheaval: Since then, Communists have ruled the fiercely nationalist country under a succession of repressive regimes. But in 1956, food shortages led to widespread riots.

Similar conditions caused rioting and brief strikes in 1970 and 1976. And when in August, 1980 half a million workers pacted pocket lines demanding economic reform, the seeds of yet another major upheaval in Polish history took root.

On Aug. 31 of that year, leaders of Poland watched on television as Wałęsa and Deputy Prime Minister Mieczysław Jastrzębski signed the Gdansk Agreement, which gave Polish workers the right to form independent trade unions. As its height in the weeks that followed, Solidarity claimed 10 million members but as the economy continued to unravel, a cycle of strikes and brutal police repression began. Finally, Polish Gen. Wojciech Jaruzelski—who was appointed prime minister in February, 1983—ended chaos. On Dec. 13, he imposed martial law, arresting more than 5,000 Solidarity activists. After less than 36 months of existence, Solidarity—which the Polish parliament formally outlawed in October, 1982—went underground for what Wałęsa later called seven "lost years."

Scaleback: During that period, Solidarity's disenchanted membership dwindled to 250,000. But a clandestine network of men faithful refused to concede defeat. When Wałęsa won the Nobel Peace Prize in 1983, they organized huge demonstrations of support. And when Solidarity called for a boycott of all elections in 1984 and of a parliamentary poll the following year, many Polish voters stayed away. But it was not until August, 1988, that the union emerged from its shadowy existence. Frustrated by its failure to end a devastating three-week strike by coal miners and factory workers, Interior Minister Czesław Kiszczak turned to Wałęsa for help. The senior Solidarity leader agreed, but exacted a promise from Kiszczak that the union could join Communists, church and other opposition representatives at a "round table" to discuss reforms to Poland's economic and political systems.

Last February, those talks began around a cherry-wood table in Warsaw. Quickly realizing that no lasting solutions to Poland's ills were possible without the full participation of Solidarity, in April Jaruzelski not only agreed to restore the union's legal status but also granted it a central role in the country's first free elections since the Communists assumed power in 1944. In those elections last June, Solidarity won all 161 seats that opposition candidates were allowed to contest in the 466-seat lower house of parliament. And in the newly created 100-seat senate, Solidarity captured 99 seats. Still reeling from the magnitude of their defeat at the polls—and unable to form a coalition government with their traditional neo-Communist allies—Poland's Communist rulers last week found themselves on the brink of relinquishing power to a Solidarity-led government.

Like the white eagle which has survived as Poland's national symbol since the 13th century, Solidarity has overcome concerted attempts to destroy its promise of independence. But within the eagle, it will now have to evolve from a mere symbol of Polish' indignation and desire for concrete change. With Poland's future as a free nation depending on its success, the world—East and West—will be watching Solidarity with anxious interest.

THIS 'UNIQUE CHANCE'

ASSESSING THE NEW POLAND

Zbigniew Brzezinski, 67, was born in Poland, raised in Massachusetts and served as national security adviser to U.S. Presidents Jimmy Carter from 1977 to 1982. Now associated with the Washington-based Centre for Strategic and International Studies, he goes far and wide with Maclean's. Washington Correspondent/Editor Maclean's about the Solidarity breakthrough in Poland. Excerpt.

Maclean's: Can a Solidarity-led government succeed?

Brzezinski: It will be very tough, but there is a chance it will work. Solidarity knows that due to a unique chance, and it will certainly mobilize the best people in order to get the necessary right, to democratize the political system and drive it, to give the public enthusiasm. Moreover, at this stage, the Communists are demoralized. They know that their record over the past 45 years has been a failure and they mean their lack of popular support. Hence, the success of this arrangement is ultimately dependent on the degree to which Solidarity can provide a government that recognizes the Polish economy and polices the country into an effective political system.

Maclean's: So you are optimistic?

Brzezinski: I don't wish to minimize the difficulties. I have no doubt that some of the Communist parties will try to bring Solidarity up, to sabotage its efforts—the present first secretary of the party, Merzymar Rozwiewa, is already agitating for Soviet political intervention. Nevertheless, I think there is a reasonable chance that it will work.

Maclean's: Can Solidarity solve Poland's economic problems—deflation, shortages of consumer goods and a \$65.1-billion debt?

Brzezinski: Much depends not only on Solidarity's own efforts but on the extent to which the West takes advantage of this extraordinarily important historic opportunity to facilitate the difficult economic transition. The West faces a momentous historical choice: it can either use the democratic experiment full, or it can help to make it succeed, in which case the consequences of success would be felt throughout the entire Communist world. We are, in effect, at a crossroads historical point, reminiscent of America's decision to help Europe recover through the Marshall Plan (after the Second World War).

The Solidarity movement has seen of Po-

land's best brains committed to it, and there is no doubt that there is a continuity of very competent economists and even some businessmen who can be mobilized for that task. Moreover, take into account that the Polish labor force today is quite well educated, literate and technologically trained. The weakness is largely in the managerial area, because most

engineers in Poland but for the Soviet Bloc as a whole. This is why I suspect that Soviet leader Mikhail Gorbachev told the Polish Communists that he did not wish to see them as forces and that they could not count on Soviet support if they did.

Maclean's: Is Lech Walesa giving away his work by allowing Poland's security apparatus to restrict the Solidarity?

Brzezinski: No, provided that is the totality of the arrangement. That specific recommendation is necessary to Moscow—that, geopolitically, the situation will continue even if politically and ideologically it is being changed. **Maclean's:** Some of Solidarity's younger hard-core men view Walesa as a sellout. Will we see an emergence in the movement loyal to the left?

Brzezinski: Initially, there is going to be a coexistence of Solidarity and a certain amount even of euphoria. In the longer run, it really does depend very much on whether the government is successful in generating some economic progress or whether, after a while, there is a growing sense of failure and despair. People will judge it largely by how the close patches.

Maclean's: What do Poland's political changes mean for the Eastern Bloc, particularly for Hungary and Czechoslovakia?

Brzezinski: In Hungary it will accelerate the processes of political change, which are moving in the same direction in Poland but not quite as rapidly. In Czechoslovakia it will accelerate the death process of the Socialist regime, which is any case is already on its last legs.

Maclean's: And for the Soviet Union?

Brzezinski: It will strengthen the aspirations of the democratic movement in general and of the national movements in the western Soviet republics in particular.

Maclean's: And what does a non-Communist Polish government imply for Western Europe?

Brzezinski: It will be an opportunity for the West. And the leadership does not even necessarily have to be embraced by the United States. It could be taken by the Prime Minister of Canada—to underline, in a crisis time, a special consensus built on the pillars of North America, Japan and Western Europe to make certain that this experiment succeeds and that there is a positive economic effect in political democratization. □



Brzezinski is a challenge, and a choice for the West

management posts in Poland have been stuffed by the so-called Communist *apartheid*—that means that Communist party officials have held these jobs irrespective of their qualifications. Over time, Solidarity can expect that, especially if the West avoids the process of creating a series of crude centres in management techniques and there are a fair amount of Western joint ventures, which would bring Western management skills to Poland.

Maclean's: Is allowing Solidarity to form a government the only way that the Communists can get outside economic help for Poland?

Brzezinski: One has to bear in mind that 45 years of Communist rule are viewed overwhelmingly by the Poles as a disaster. The only [other] choice that the Communists had was to rely on force and thereby face the possibility of a massive political eruption with unforeseeable consequences, not only for the Communist

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TAKEOVER FEVER

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The writing was on the wall a year ago. William James the tough-talking, independent-minded chairman of Falconbridge Ltd. realized last May that his giant mining company had become a prime target for a takeover attempt when Fluor Inc. Inc., its largest shareholder, decided to sell off its 38-per-cent block of stock. The only question was who would eventually control Falconbridge: Noranda Inc., another Toronto mining giant run by James's old friend and former boss, Alfred Power, was a determined suitor. But Noranda wanted to take control by slowly buying only 58 per cent of the



Falconbridge shares, as a result, earlier this month, James entered into a \$2.2-billion, 10-year, 10% interest rate swap with Noranda and Trillium, a Swedish industrial and mining conglomerate.

Noranda's Power fighting hard for one of Canada's largest firms

that already has three per cent of Falconbridge, fired back with a \$2.2-billion offer to buy the 72.5 per cent of the Falconbridge stock they do not already own. "It is a fair offer," James told *McGraw-Hill's* last week. "Companies want to grow, and the easiest way is through acquisition. All it takes is money."

Control. The ultimate winner in the battle for Falconbridge is still in doubt. The offers have gone to the shareholders, and they will have to choose between the two bids. But one of Canada's biggest mining companies is certain to fall under partial control of a foreign owner: Falconbridge is one of many Canadian firms in that position. Recently, foreigners have been buying up Canadian companies at a furious rate—largely because they consider them to be underpriced. During the first six months of 1989 alone, foreigners spent \$16 billion on Canadian companies—nearly the total for all of 1988. Some analysts say that the activity is just a short-term phenomenon caused by well-financed speculators seeking to

on low Canadian stock prices. But others say that the takeover binge is fueled by new and powerful global forces that will change the face of corporate Canada. Declined Matsuda Jimura, a Toronto mergers and acquisitions specialist with the investment firm Clarkson Gordon & Gordon, "I don't see anything on the horizon that could slow down the buy-out action."

Outlets. The prospect of even more billion-dollar foreign buy-outs could become a major issue for Prime Minister Brian Mulroney. He already faces a growing outcry from economists

to, said that Statistics Canada figures show that, over the past 15 years, American ownership in Canada has steadily decreased. In 1970, 58.4 per cent of all Canadian nonfinancial corporations, including those in the manufacturing, petroleum and coal industries, were U.S.-owned. By 1986, that figure had dropped to 39.5 per cent. The decline in American ownership is even more pronounced in the Canadian petroleum and coal industry: 77 per cent was U.S.-owned in 1970, compared with 43.4 per cent by 1986. Currently, Mulroney and Canadian ownership of all Canadian companies is even 70 per cent.

Still, with each passing month, more and more Canadian firms are falling into U.S. hands. During the first half of this year, foreign buy-outs of Canadian companies have included U.S. controlled Imperial Oil Ltd.'s \$4.9-billion acquisition of Toronto Canada Inc. That transaction was second in size only to American-owned Amoco Canada Petroleum Ltd.'s \$5.5-billion 1988 buy-out of Donat Petroleum Ltd. As well, Chicago-based State Container Corp. paid \$2.6 billion for the Consolidated Freightway Inc. pulp and paper company. According to press reports, American firms are also interested in such Canadian institutions as Inco Ltd., Atom Aluminum Ltd., Canadian Pacific Ltd., Placer Dome Inc. and Shelin Inc. And with the Canada-U.S. Free Trade Agreement (FTA), which came into effect on Jan. 1, 1989, raising a controversial economic union with North America, more takeovers were expected to go across borders.

Barriers: taking a stand against foreign takeovers

internationalists, who claim that Canada is surrendering its economic sovereignty by allowing its resources to be owned by foreigners, particularly Americans. At the same time, critics worry about the prospect of foreign takeovers in spending through the usual levels of supply Canadian companies, and some chief executives have started taking measures to defend themselves against unwanted outsiders. Meanwhile, some Canadian companies are warning their own takeover wars, especially in the United States, where they are buying up assets at an astonishing rate (page 38). As well, leading Canadian economists and statisticians Canada's own figures, indicate that Canadians are still firmly in control of their economy. And many executives believe the foreign buy-outs are because they bring new sources of financing and much-needed expertise to Canada.

The current surge of foreign buying comes after a lengthy period of evolving foreign control of the Canadian economy. University of Toronto economist Alan Rayner, a leading Canadian expert on foreign investment activ-

ity, said that Statistics Canada figures show that, over the past 15 years, American ownership in Canada has steadily decreased. In 1970, 58.4 per cent of all Canadian nonfinancial corporations, including those in the manufacturing, petroleum and coal industries, were U.S.-owned. By 1986, that figure had dropped to 39.5 per cent. The decline in American ownership is even more pronounced in the Canadian petroleum and coal industry: 77 per cent was U.S.-owned in 1970, compared with 43.4 per cent by 1986. Currently, Mulroney and Canadian ownership of all Canadian companies is even 70 per cent.

The FTA will likely invite Canadian companies even more attractive to European and Japanese firms. Washington officials say that

Business Notes

COMPLEX'S BIG TOE

Complex Oilman Corp. sawed the \$1.5-billion deal with an announced amount of a \$45.6-million second-quarter loss. Company spokesmen said that the loss was a result of a dispute with Disney, known informally as *Buena Vista Pictures Distribution Inc.*, over film distribution rights. For the last three quarters, Complex has not shown Disney films, which have included several box office hits in the past year. Complex officials added that the dispute has been resolved.

A TRADE SURPLUS DIVE

A strong Canadian dollar and slower economic growth in the United States caused Canada's trade surplus to sink to the lowest level in 12 years. In April, May and June, the surplus slid to \$7.58 billion, down dramatically from \$2.85 billion in the first quarter of 1988. The falling surplus led immediately to demands from business leaders that the Bank of Canada should lower interest rates.

SHUTTING DOWN THE EXCHANGE

The Toronto Stock Exchange was forced to shut down for about three hours after a multiple failure of a computer system. Tens of millions of dollars worth of stock trades were moved to the Montreal Stock Exchange during the breakdown.

OTTAWA TAKES OVER PHONES

The federal government moved closer to a new national telecommunications policy after a landmark decision by the Supreme Court of Canada. The court ruled that Ottawa has the power to regulate Alberta Government Telephones. Before the decision, the federal government had jurisdiction only over telephone services in Ontario, Quebec, British Columbia and the territories.

A REICHMANN BIG DEAL

The Reichmann family withdrew an \$700-million bid for troubled ICI Development Corp. of Vancouver. The Reichmanns, Olympia & York Development Ltd. said, had bid because it had been a failed to win the support of minority shareholders.

ALASKA TAKES ON EXXON

The State of Alaska launched a lawsuit against the Exxon Corp. and its other oil companies, claiming that they are secretly buying up the state's oil and gas rights. Exxon said it is working in damages as a result of the March 24 oil spill in Prince William Sound that followed the grounding of the *Exxon Valdez*.

INVESTING IN CANADA

Major sources of foreign direct investment in Canada in millions of dollars

	1970	1980	1986
United States	\$21,403	\$40,086	\$46,337
United Kingdom	2,533	5,233	5,114
Netherlands	340	1,698	3,035
Japan	133	625	2,340
France	486	1,188	2,321
Sweden	435	124	1,595
Germany	286	481	464
Italy	60	62	275
World Total	28,256	51,707	60,870

Source: Statistics Canada

they must fall across to the EC after 1990 and that, if they do not agree to it, they will block European exports. As a result, European firms may attempt to buy their way into the North American free trade market by acquiring Canadian firms. At last, Japanese firms, which also have expressed concern over U.S. trade sanctions, are expected to purchase Canadian assets in the indirect route into the American market. Said Michael Medlam, a director of Lancaster Potomac Inc., a Toronto-based mergers and acquisitions firm: "Canadians are Canada to a bridge into North America."

Peace: Meanwhile, Canada's own multinationals and businessmen are shopping the world for great assets. The highest-profile deal on the United States was led by Toronto tycoon Robert Campeau, who spent \$13 billion between 1986 and 1988 to acquire Allied Stores Corp. and Federated Department Stores Inc.—the largest and certainly most spectacular and controversial takeover of a U.S. firm by a Canadian in history.

While governments have not restricted the current wave of foreign takeovers sweeping across Europe and North America, it was not always so. Indeed, the former Liberal government of Pierre Trudeau enacted tough foreign-ownership policies. Under the Liberals, the Foreign Investment Review Agency required companies in the United States when it intended to stop the takeover of Canadian companies. And under the Conservative government of Joe Klein, which came to power in 1980, Canadians' oil exploration firms were even offered incentive programs that helped them acquire their foreign rivals (page 20).

Blocked: But when Mulroney was elected in 1984, the Tories quickly changed direction. The political slogan "jobs, jobs, jobs" and the desire "out of the job-creating deficit" campaign, Mulroney declared the country "open for business." And with that, the Foreign Investment Review Agency's corporate review was dismantled. Canada, and even as late as 1985, investors in Canada had submitted 486 applications for foreign takeovers, but it has not increased any.

Most corporate raiders and equity consultants in investment firms argue that there are strong economic arguments in favor of allowing

the wave of takeovers to continue unchecked. Such raiders as the American multinationals T. Boone Pickens and Carl Icahn say that takeovers are usually a positive force on the marketplace because they often result in the closing of large corporate management. At the same time, some economists said that contracting and buy-outs reduce overheads

at home. Dominion Textile Inc., which recently put its own pension plan into place, "We're professional managers who want to enhance the shareholders' value. It would be unfair to them if we didn't."

Although University of Toronto economist Melvin Pollack, for one, agrees that foreign ownership of the Canadian economy has



Logging in Quebec, a growing concern that Canadians are losing control of their economy

and make companies more efficient and profitable.

That threat is not lost on Canadian businessmen. In fact, many Canadian firms are taking creative action to attract foreign investors. Canadian Pacific, which earlier this month was the subject of takeover threats, was rumored to have hired a Boston consulting firm in 1987 to advise it on how to defend itself against takeover offers. Recently, C.P. has said it is a member of prime assets. As a result, the company now has a large cash fund for its defense and is also less appealing to takeover artists once attracted by their assets.

The growing threat of takeovers in Canada has even led several companies to launch U.S.-style shareholder plans—so-called poison pills—designed to enable them to fend off corporate predators. The increasingly popular plans force would-be acquirers to negotiate with company directors, rather than dealing directly with shareholders. Said Charles Ruelhof, president and chief executive officer of Montreal-based Dominion Textile Inc., which recently put its own pension plan into place, "We're professional managers who want to enhance the shareholders' value. It would be unfair to them if we didn't."

dropped, he said he believes that free trade and the work of global investors will lead to increased foreign control. If that happens, he said, profits will increasingly flow out of Canada to the parent company. And Claude Paré, chairman of the Council of Canadians, has expressed concern that Canada will slowly lose control of its vital oil and gas supplies as U.S. firms move north to purchase reserves.

Business: The wave of takeovers even has crept into Wall Street, where most of the takeover action originates. Prominent New York City economist Henry Kaufman recently told a House committee that the shift toward debt financing by United States corporate raiders is endangering the health of the free enterprise system because it could lead to an unstable economy. And John Kenneth Galbraith, the renowned Harvard University economist, told Mulroney, "The huge amounts of capital that are being used for takeovers is capital that is not in productive investment" as such things as new factories. Those and similar concerns could soon be at the forefront of a growing and emotional national debate.

JOHN DEMONTE with **MICHAEL HARRISON** and **LINDA GILBERT** in Toronto, **BRUCE BALLANCE** in Ottawa and **DAVID LINDORFF** in New York City

CONTROLLING ENERGY

A POLICY FALLS SHORT OF THE MARK

When the federal government of Pierre Trudeau founded Petro-Canada as the national petroleum company in 1973, one of the firm's mandates was to increase Canada's presence in the foreign-dominated oil sector. But Brian Mulroney's Conservatives scrapped the nationalistic energy policy, allowing for a surge in the volume of foreign buying in the Canadian energy sector. According to the latest available statistics from the federal Petro-Canada Monitoring Agency which inspects the industry, Canadian ownership has declined to 42.1 per cent in 1988 from a high of 47.9 per cent in 1985. The government's stated goal is 50 per cent Canadian control. But some analysts are

convinced that the government's plan to privatize Petro-Canada will mean that it too will become partly foreign-owned. Said lawyer Victor Lapinsky, chairman of the Education chapter of the national Council of Canadians: "We see this as a very negative thing."

The largest shift in ownership occurred last year, when U.S.-controlled Amoco Canada Petroleum Co. Ltd. bought the almost bankrupt Petro-Canada Ltd.'s refining interests. Two weeks ago, Hanky Oil Ltd. of Calgary bought by Hong Kong billionaire Li Ka-shing in 1987—also a Bechtel-Sale Holdings for \$156 million in U.S.-owned Chevron Canada Ltd. said, using leading oil-industry sources say that foreign capital is needed if the Canadian energy sector is to finance the development of new oil and gas reserves.

Embargo: The introduction of the National Energy Program in 1980 by the Trudeau government forced out of the Arthel embargo of 1973 and the massive increases in the price of oil to \$43 a barrel at the peak year of 1981 from \$23 per barrel in 1972. The 1970s saw a surge in Canadian oil prices and substantial Canadian firms to explore for greater oil reserves and to take over foreign-controlled firms. Although the energy program did increase Canadian ownership, it also helped finance a number of costly purchases.

Canada currently produces 1.624 million



Drilling in the Beaufort Gyre (below), an elusive goal of 50-per-cent Canadian ownership

barrels of oil per day, 200,000 more than the nation uses daily. Canadian oil exports (402,000 barrels daily) are exceeded by imports (870,000 barrels), and are significantly lower than the 571,000 barrels imported daily in 1978.

Energy: That government's shift away from a nationalistic stance in Canadian energy, which was led by former energy minister Patrice Carney, is now so entrenched that petroleum industry experts say that the once-petroleum industry, runs and resources department is now almost a junior ministry. Under Energy Minister Jacob (Jake) Egan, appointed in January, 1989, the department retained its seat on the cabinet's 19-member priorities and planning committee. But Egan is not a member of the influential eight-member operations committee responsible for setting cabinet's agenda. The focus, from recent oil-industry takeovers and mergers—both Canadian and foreign—has been to move strongly in the companies themselves. Last week, Amoco Canada president Donald Stacey said that his firm would not be paying by 10 per cent, or 450 jobs by

October. Mobil Oil Canada said that it would cut 350 jobs from its 1,500 staff.

For his part, Lapinsky of the Council of Canadians predicts that Canadians will stand against further control of energy by foreign owners into the early 1990s. Some analysts say that oil prices will then increase again—and that the government, which will have fully deregulated the industry, may not be able to intervene to protect consumers. Said Lapinsky: "In a market-driven economy, we need to be able to intervene for the nation's good."

For Hans Meier, vice president of the Calgary-based Canadian Petroleum Association, rep-

resenting most of the major firms, said that the federal government not promotes even Canada's oil-industry reserves and can regulate their development. And he noted that, in large foreign firms sell shares in the new companies through mergers in Canada, domestic ownership will increase. But that may be little consolation for Canadian nationalists.

JOHN BOWMAN in Calgary with **ANNE BETHUNE** in Toronto

Jacobs: the best offer



Photo by David J. Phillip



Photo by David J. Phillip



Compucon's Bloombergville in New York City: headline and a glittering prize

A RECORD YEAR FOR U.S. BUYS

THE HOSTILITY RISES IN AMERICA

When George Bush went to Japan for Emperor Hirohito's funeral, comedian Jay Leno remarked that "as President of the United States, he figured he should meet the emperor." Jane Gillet, founder of an Athens-based lobbying group called Citizens Against Foreign Control of America, takes a grimace view of the Japanese invasion. She calls: "Some people call what they're doing investment, but it's buying. And when they buy, they control." Does the class of Minutemen, who have long resisted entrance attempts by any foreign stake—modern meaning New York City and Boston—expressed concern about the apparent threat from the other East after the 1980-synthesized Bette Midler and Loretta Lynn Company Inc. bought the 77,000-acre Seaboard Ranch in Northwood County last August. "We should not surrender [Montana] to the Japanese," she says.

new regulations for our old markets," wrote T. J. Gillet, associate editor of the *Great Falls Tribune*. But although Japanese corporate deals provoke heated debate in the United States, Gillet did not note the increasing appetite of quiet Canadian businessmen who are purchasing more American assets than come the Japanese. In fact, Canadian firms are second only to the British as major buyers of American assets. Over decades, Canada has quietly amassed \$125 billion worth of American assets by 1986, compared with Britain's \$170 billion. Each year since then, the U.S. commerce department has listed Canada as one of the three most acquisitive buyers of corporate America. In 1988, Britain, Canadian and Japanese takeovers accounted for three-quarters of a record \$68.6-billion surge in foreign investment—21 per cent over the previous year.

A breakdown by ERI Information Services, a Wall Street database that tracks corporate acquisitions, showed Britain as the lead last year with \$39.2 billion spent on 164 transactions. Canadian investors bought 146 American companies for a total of \$12.3 billion, while the Japanese spent \$12.7 billion on 30 companies. Despite very hostile views as those expressed by Gillet, and the culture of Americans who reportedly have similar concerns, most analysts predict that Bush will not move against the outside ruffians. And many U.S. businessmen say that the vigilance of new environmental and expense laws keeps firms in extremely healthy.

Despite their generally low profile, Canadian corporate takeover headlines in 1986 when Toronto-based Compucon Corp. together the second most expensive U.S. takeover of 1986, paying \$8.2 billion for Connecticut-based Reckitt-Danforth. Steven B. Compucon has since reentered active duty that he took by selling off 27 components. Britain managed two similar U.S. takeovers: IAT Industries PLC's \$8.3-billion acquisition of the wireless giant, Factors Group Inc., and publishing tycoon Robert Maxwell's \$3.1-billion purchase of the Macmillan publishing firm. Japan's Bridgestone Corp. paid the same amount for Procter & Gamble's Tropicana and Soap Corp. paid \$2.4 billion for CW Records. But all the 1986 deals were overshadowed by the \$26-billion sale of Telcelco Inc., the huge tobacco and food conglomerate, to Kallberg,

Kellogg & Co. (KOC). That New York City firm, which specializes in leveraged buyouts, closed the deal on Feb. 9 after a bitter bidding war with Nabors's management.

The deal from the Nabors battle had barely settled when Time Inc. went to court to fight off a \$14.8-billion hostile takeover bid by Paramount Communications Inc. Time was on July 24 when the Delaware Supreme Court upheld a lower court decision allowing the publishing conglomerate to merge with Viacom. Canadian investors had without a shareholder vote. Foreign takeover activity declined in the first six months of 1986—largely because financial markets were unable to rapidly finance further buyouts because of the magnitude of the Nabors purchase. Since, as the British still spent \$11.4 billion on 63 transactions. Just one of them, Grand Metropolitan PLC's purchase of Pillsbury Inc., cost \$7 billion. France jumped to second place in KOC's spending chart when Procter & Gamble, a cereal producer, paid \$1.6 billion for Triangle Industries Inc., a packaging company, while Canada and Japan tied for fifth place after South Korea and the Soviet Union. In 1988, the Canadians spent roughly the same as the Japanese in the first half of this year—each in the neighborhood of \$1.3 billion—but acquired nearly twice as many American companies: 34 compared with Japan's 18.

But like unless it is a spectacular bid, the Compucon takeover of Reckitt-Danforth, American rarely take the lead in Canadian corporate activity on their home soil, not mergers analyst Michael McGinn and that Canadian are "fairly lenient to American acquirers" in that they have a broad range of business in terms and are "more comfortable making deals of various sizes." It added that the Japanese, on the other hand, are more narrowly focused and that their takeover activity is limited to "a few big players, like Sony who think only in terms of megadeals." The effects of their competition on retail industry sectors, including automobiles and electronics, give the Japanese a higher profile—and make them more acquirers. "Most of the time it's a job security," said Michael Kucera, president of Creative Finance Group, a Toronto firm that has arranged takeovers by Canadian companies of U.S. firms involved in entertainment, advertising and real estate. He added: "Canadian companies have not been in the American industry to anywhere near the same extent as the Japanese. Consequently, Canadians are not regarded with the same level of fear and suspicion."

Canadian firms have a number of sound economic reasons for acquiring U.S. firms, and their aggressive expansion on sale of slowing. The United States offers Canadian corporations lower tax rates—five to 10 per cent less than they would pay north of the border—and lower wage rates than such advanced nations as North Carolina. But the overwhelming reason for Canadian firms to lead north is market penetration, which is far more easily accomplished by acquiring well-established U.S. companies than starting an American operation from scratch.

Strong: If a firm wants to move into the United States by starting up in American hands, it has to get an official stamp, promote its product or service, then wait for customers. If it acquires the same amount of money in a leveraged buyout of a U.S. company in the same business, it gets that company's cash flow, profitability and client base—and the money starts working immediately. Said Kucera: "It's hard to justify a start-up unless the firm is extremely strong financially and feels that's the best way to go."

Kucera added that his firm has been involved in 33 takeover attempts in the past year, half of which have been successful. His office is in the same Toronto office building as Kingbridge Capital Group, which is currently involved in a \$200-million takeover bid for Dunkin' Donuts Inc., the Massachusetts-based doughnut chain. If Kingbridge and its partner, Citicorp Venture Ltd., succeed, it would be one of Canada's

biggest buy-outs of an American company this year.

Although foreign investment guarantees an estimated three million jobs in the United States and pays about \$95 billion annually in wages, those who criticize the so-called "selling of America" have found a large audience. Polls show that 75 per cent of Americans want limits on foreign investment and nearly half want to ban it altogether. Congress is now considering a bill sponsored by Representative John Dingell, a Texas Democrat, that would require registration and regulation of foreign purchases. But Congress has rejected two similar bills, and political analysts in Washington say that the same is likely to happen again. Like his predecessor, Ronald Reagan, Bush appears to be adamant that foreigners be treated the same as domestic investors, with the exception of those buying into biotechnology and defense-related industries.

Larger: As well, many observers say that the notion that America is losing control of her destiny to foreign ownership is unfounded. Paul Craig Roberts, an economist at Washington's Center for Strategic and International Studies, noted that "foreigners own a minuscule share of our capital stock and have no prospect of buying up America. The reason is simple: our capital stock is growing each year by an amount five times larger than the capital flows into the U.S." Roberts added that "if all believes Americans, whose foreign investments have diminished the world and no further period, to complete when foreigners want to invest here. If overseas investments lead to political control, we would have taken over the world by now."

Other experts say that foreign ownership benefits the United States. Murray Weidenbaum, director of the Center for the Study of American Business at Washington University in St. Louis, said that foreign ownership has introduced new and better management techniques and injected massive amounts of capital into operations that might otherwise have been abandoned. One example, Kallberg, for one, was saved from extinction when Britain's Imperial Chemical Industries PLC bought out the Galt Seed Co. Inc., the town's major employer. Imperial Chemical has invested more than \$120 million in Iowa since 1965. Residents of another Iowa town, Clarissa, too, are happy with a \$55-million plant expansion by 3M Corp., a Japan-owned manufacturer of bearings, that they recently saw their move to Japan to seek more buyers of American business. Although editor Gillet expresses investment over the accord of the Japanese, many Americans clearly believe that economic growth is more important than the origins of its investment.

MICHAEL JENSEN with WILLIAM LOFFERTSE in Washington and DAVID LUDGARDY in New York City

Buying The United States

Canadian direct investment in the United States in billions of dollars



Source: Statistics Canada

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LOOSE CASH TOTALS \$94 BILLION

The signs of *shopping Japanese* prosperity are almost everywhere. Flashy new cars, Japanese corporations, pension funds and banks are on a worldwide acquisition spree, using surplus dollars to acquire a record number of foreign companies in the United States and Canada.

The Japanese are also prominent bankers: the 10 largest financial institutions in the world are now Japanese, and they are using their prodigious wealth to finance huge takeovers. Even Japanese tourists leave a trail of affluence behind them. Their taste for diamonds, furs and other luxury goods has become legendary in the shopping mecca of the world, Hong Kong. London and New York City. And Japanese buyers are willing to push prices for works of art to stunning heights. In 1987, the Yashida Fine and Marine Furniture Co. of Tokyo shocked collectors by paying \$55 million for Vincent van Gogh's *Self-Portrait*—at that time, the highest price ever paid for a painting. And Michael Goepfert, an accountant for the Royal Bank of Canada in Toronto, "The Japanese just have more money than they know what to do with domestically—they have to put it somewhere."

Power. Japan's taste for seeking to the world, and the reluctance of its consumers to buy foreign-made, imported products at home, has left the country with an annual problem: in 1988, the Japanese fined themselves with \$64 billion in tariffs each to spend as they pleased. The problem is more difficult than it sounds: Japan's vast quantities of money back into its own industries. In 1988, it spent \$588 billion on new capital investments, even more than the United States, which spent \$578 billion. As a result, many plants and factories in Japan are now in danger of having more

capacity than they can productively use.

At the same time, the nation's power makes domestic purchases expensive relative to foreign purchases—even by Japanese standards. It is not unusual for model homes near the centre of Tokyo to sell for \$2 million. And shares on Japan's hyperactive stock market



Gaza, the Tokyo shopping area is vibrant economy

continue to carry for higher prices, relative to savings, than those on most other stock exchanges. In the search for new investment vehicles with a better return, they are turning to foreign markets, where prices—at least for the Japanese—seem relatively low.

Japan's massive foreign spending began slowly in 1967, escalated sharply in 1988 and continues to accelerate this year. Last year, Japanese firms spent \$25 billion investing in 130 U.S. firms, more than double the amount

they spent in 1987. And in the first six months of this year, Japanese firms paid \$8.2 billion for all or part of 86 U.S. firms, less than the rate for 1988. Spending by the Japanese also increased sharply in Canada. In 1988, direct Japanese investment in Canadian companies reached \$504 million, up from \$154 million the previous year. And in the first three months of 1989 they invested \$136 million in Canada.

Frequently, Japanese purchases occur with out the bank financing that is sometimes the tell-tale—and for the world—of takeovers that originate in North America and Europe. Huge Japanese corporations often have so much cash on hand that they do not need to borrow for new equipment or acquisitions. Toyota Motor Corp., with revenues of \$63.7 billion, held about \$39 billion in cash last year, compared with General Motors Corp. revenues of \$130 billion and cash resources of \$6 billion. That kind of liquidity makes the takeover game easier to play: large bank loans or other types of financing are either unnecessary or obtainable at low rates of interest.

And with the advice of North American financial experts, Japan has taken to the takeover trend with enthusiasm. American businessmen now routinely report that the Japanese are shrewd and discerning buyers, a marked change from their early, unbridled dash, which lacked a American-style speed and aggressiveness. Although most Japanese takeovers actually occur in the United States, the Japanese are becoming increasingly interested in Canada. Last spring, shipbuilder Scaevola Heavy Industries Ltd. purchased Canada's largest boat manufacturer, Lamson Inc. of Kewit, Ont., for \$13.6 million.

Targets. Among favorite targets are hotels. Japanese now own at least 100 luxury hotels in the United States, including the Inter-Continental Hotels chain. Last November, the Globe Company Ltd. of Tokyo bought 12 hotels, owned by the Vancouver-based Coast Hotels chain, which mostly acquired the hotel to Bow Valley Inn in downtown Calgary. Several hotels in Banff, Alta., and Whistler, B.C., frequent destinations for Japanese tourists, have also come under Japanese ownership in recent years, including the luxury Green Lodge in Whistler, formerly owned by Canadian skier star Nancy Green-Rene. James Tinsman, project manager at the Japan External Trade Organization in Toronto, said that the popularity of the resort areas has influenced the decisions of Japanese investors. He added "It is often cheaper for Japanese to travel overseas than to travel in Japan. So they are keen on bringing their own people to these hotels."

So far, the Japanese have met little resistance to their overseas expansion. Indeed, many sellers are eager to find Japanese buyers. Because so many of them are willing to pay high prices. As well, they have a reputation for keeping companies intact: they seldom fire management teams or break up a company for quick profits. And there are growing signs that more countries have become wary of Japanese expansion.

Last year, when a Japanese company tried to

buy one-third of a French winery with foreign rights to sell Beaujolais-Grande, a famous Burgundy wine, the French government took steps to block the sale. A French agricultural official defended the move, calling the winery part of the "cultural patrimony of France," just as a culturalist in painting is part of the country's unique heritage.

Anxiety. In the United States, a few, more cautious attitudes toward Japan have emerged because, some critics say, Japan is unlikely to open its market to foreign companies. With Japan unwilling to permit foreigners to buy Japanese companies, while bolstering the export of goods

into its domestic markets, other countries should be more protective of their own companies and markets, they say. More and more, that sentiment is beginning to be openly debated in the United States. American investor T. Boone Pickens Jr. recently noted that it is far more difficult for American companies to buy large pieces of Japanese firms than for the Japanese to buy American assets. The Japanese urge to acquire is unlikely to abate—let alone diminish—until the extent of that expansion may well follow suit.

PATRICIA CRIBB/DEM

Nelles's legal gain

Susan Nelles wins a new court victory

The first reports on March 25, 1991, were shockingly accurate at Toronto's most renowned hospital for Sick Children had been charged with murdering one of the babies in her care. Two days later, *Metropolitan*, Toronto's police charged Susan Nelles, who is now 38, with three more deaths. Later, the police released their investigation into 36 baby deaths that had occurred during a nine-month period in the hospital's cardiac ward. Placenta previa, after preliminary hearing, a judge discharged Nelles on the grounds that there was not any evidence on which a jury could convict her. But the grim saga was not over. The Ontario government ordered a 190-day royal commission inquiry into the deaths. It completely misstated the name. And that work, a legal action that arose from the one released in a judgment that could affect criminal justice prosecutions across the country. Overturning the lower court verdicts, the Supreme Court of Canada ruled that Nelles had the right to use the office of the attorney general of Ontario to force Crown prosecutions for malicious prosecution. "To deny that right," declared Mr. Justice Antonio Lamer, "would be 'sales to grieving a license to subvert individual rights.'"

Although Nelles's lawyer, David Bevis, said that she had not decided if she will proceed with a 1992 lawsuit against the Ontario government, some Crown prosecutors expressed concern that the ruling could have an inhibiting effect on the way they do their jobs. Indeed, the Supreme Court disconnected the way for two lawsuits aimed at provincial officials in Western Canada. Waspey lawyer Father Matt said that she would proceed with a lawsuit of more than \$100,000 against a Manitoba Crown attorney who allegedly prosecuted her for arson, fraud, attempted murder and other charges in 1982. For his part, James Timpanio, a former Illinois developer who was acquitted of 22 murders of the Legal Professional Act in 1985, said that he planned to sue the Alberta Crown prosecutor who brought the case against him.

Despite that, there was disagreement over whether the court's decision was likely to have far-reaching implications. The judgment upheld an Ontario statute that prohibits most lawsuits against the Crown itself, but ruled that

lawsuits could be launched against officers of the Crown. Still, Ontario Attorney General Bob Scott predicted that few cases brought against government law officers would succeed because of the heavy burden on the plaintiff to



Peter and Nelles: the central baby-murder mystery remains

prove malice. Legal experts said that proving malice in the Nelles case would involve showing that the prosecutors proceeded with their case against her even though they knew that she was innocent. "There is nothing in the judgment," declared Scott, "that should have an inhibiting or chilling effect" on the work of Crown prosecutors.

Other lawyers linked the judgment to one that strengthened the individual liberties of Canadians. Said Robert Pollock, a Winnipeg lawyer who is chairman of the criminal justice section of the Canadian Bar Association, "This is not a decision you would have expected 10 or 20 years ago. It recognizes the post-Charter rights spirit that individual rights cannot easily be taken away." Pollock said about 30 other

Canadian lawyers were standing a low posture in Belleville when they heard about the ruling. He added, "There was general delight with the proclamation."

The Supreme Court's decision was the latest development in a process that began in November, 1982, when Nelles launched a civil suit against the Toronto police and the Ontario government demanding \$854,000 in damages for malicious prosecution and negligence. In 1986, Mr. Justice Bertram Gosselin of the Ontario Court of Appeal recommended in his royal commission report on the baby deaths that Ontario compensate Nelles for the cost of her legal defense at the preliminary hearing.

Scott, who became attorney general in June, 1985, awarded Nelles \$100,000. She then dropped her suit against the police. Meanwhile, the Ontario government, arguing that the Crown could not be sued, challenged Nelles's action against the office of the attorney general. After the Ontario Court of Appeal upped the province's argument in June, 1988, Nelles's lawyers applied to the Supreme Court of Canada.

Nelles—who is married to Belleville, Ont., city official James Pace and who is expecting her third child in October—said that she needed time to decide whether to proceed with her suit. Bevis told *Maclean's* that his client had three choices. She could proceed with her 1982 action, drop it or file to institute an out-of-court settlement. Canadian Football League chairman Ray McMurtry, who was Ontario attorney general when Nelles was charged, said that he would testify if Nelles went ahead with her suit. Still, once McMurtry met his successor, Scott, would he personally prosecute if Nelles was her case.

Further legal action by Nelles is unlikely to shed light on the central mystery surrounding the case. The issue of why the dead babies at Sick Children's Hospital all had unusual levels of the heart drug digoxin—and of who might have administered the fatal doses—has never been determined. Gosselin, who was legally prevented from including actions in his report, concluded that rights of the babies had been maintained, and said that few of the other baby deaths were "legal questions." Said Bevis last week, "Our best understanding may always be the Gosselin report." Meanwhile, if Nelles proceeds with her lawsuit, the news details of the Toronto baby deaths will undergo yet another public examination.

BARBARA WICKENS

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ENVIRONMENT

Keeping toxic track

The United States lists 75,000 polluters

Only a few other U.S. states generate as much airborne pollution as North Carolina. According to a report published in February, the state's industries in 1987 spewed 160 million pounds of toxic chemicals into the surrounding environment. That information came from the Washington, D.C.-based Environmental Protection Agency, which for the first time provided the names of firms—75,000 in all—that emit toxic wastes. Public expressions of concern following the 1986 disclosures have already prompted major U.S. chemical firms, including St. Louis-based Monsanto and 3M of St. Paul, Minn., to announce new rules on toxic emissions. In Charlotte, N.C., state officials held hearings this month on proposed new regulations that would control emissions by such firms as Wilmington, N.C.-based Occidental Chemical. The EPA's new policy of exposing polluters contrasted sharply with practices in Canada, where federal officials have been reluctant to identify polluters in the past—and have no firm plans to do so in the future. Said Toby Vigod, a lawyer with the Canadian Environmental Law Association, "Canada suffers from a freedom from information syndrome. Certainly, the public has a right to know what they are exposed to."

The EPA began compiling its new registry after Congress passed the 1990 Emergency Planning and Community Right to Know Act. Since then, the EPA has on-line inventory has grown to include more than 300 tonnes discharged by companies employing 10 or more workers. By contrast, Environment Canada as February selected 44 chemicals and classes of chemicals for its Priority Substances list as a starting point toward a stringent environmental controls. Still, Environment Canada officials said that there are no plans to compile an on-line registry of Canadian toxic polluters. Said Marc Deschamps, a project co-ordinator with Environment Canada's inventory management division, "It is not the policy of Environ-

ment Canada to publish a Macleat. Companies would not really appreciate that."

The lack of a comprehensive federal registry has been partly offset by provincial programs that provide detailed information on industrial polluters. In Quebec, the government has



Vigod suffering 'freedom from information syndrome'

drawn up a public roster of the 600 worst industrial polluters. For its part, Ontario's Hazardous Waste Generators directory now lists 26,250 corporate dischargers and polluters. Still, Jay Folter, a Toronto-based member of the Greenpeace environmental organization, said that "most people don't know it exists." As well, environmental spokesmen said that the material was not easily available to the public. Said Vigod: "It is precious, it is well-kept, and it is not easily available to the public."

DAN BARBER with ANNE SZCZAY in Toronto

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HEALTH

The 'fourth drive'

A controversial new theory about drug use

The ingredients for food, drink and sex are fundamental to human beings. But to that list Dr. Ronald Siegel, a research psychopharmacologist at the University of California at Los Angeles, adds one more basic need—the desire to experience intoxication. Siegel calls it the "fourth drive" and in his book *Intoxication: Life as Pursuit of Artificial Paradise*, published in June, he says that human beings will always pursue altered states of mind—whether they achieve them using caffeine, alcohol, cocaine or some other mood-altering substance. Siegel says that governments that weigh in on drugs can never win. Instead, he maintains that the solution to the ever-worsening drug-abuse problem is to "insure that the pursuit of intoxication with drugs will not be dangerous." The only way to do that, he adds, is "to make drugs perfectly safe."

Siegel bases his conclusions largely on his experience he made during 30 years of research. In his book, he documents the human quest for

intoxications through the ages—and illustrates the same patterns among newer orders of addictive drugs. He notes that, as California notes often because associated after learning on the terms of his by looking from such evidence, Siegel builds his argument that intoxication is a natural drive.

Still, Siegel, who has served as a consultant on drugs to two presidential commissions and to the Geneva-based World Health Organization, acknowledges that current popular drugs, including cocaine and heroin—which are highly addictive and toxic—can too often guarantee used safely. As a result, he says, drug legislation is not the answer. Instead, he says that

chemists should develop safe, nonaddictive drugs. Added Siegel: "The ideal treatments would balance optimal positive effects, such as stimulation or pleasure, with minimal or nonexistent toxic consequences."

But other experts in the field expressed doubt that Siegel's controversial prescription would ease the drug problem. Bruce Alexander, a psychology professor specializing in addiction research at British Columbia's Simon Fraser University, said that addiction has more to do with an individual's personality than the drug he uses. "For some people, the only way to pull a life together is to get it stoned a little," said Alexander. "Take away the heroin from a heroin addict and he will become an alcoholic." For his part, William Compton, a behavioral psychologist at Toronto's Addiction Research Foundation, said that the quest for a safe drug may be futile. He added that any drug that affects the functioning of the central nervous system will, if it is taken regularly, cause some individuals to become addicted. Clearly, Siegel's theoretical free-



Siegel is human quest

wheeling future could elude those of its own.

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Some sackings are more civil than others

BY GEORGE MANN

There is an altogether salutatory way of being fired, but some are better than others. Perceptive Westsiders recently told readers of the London weekly *Spectator* not just whom to sack, but how. The piece seemed—just when the waters at Claridge's Hotel in Mayfair had served but two perfectly poached eggs on buttered toast. It was then that the editor-in-chief of the *Daily Telegraph*, Andrew Knight, told him that the *Daily* and The Sunday *Telegraph*—Worsthorne's relative of the latter—were to be merged under one editor, and he was not it.

To Worsthorne's mind, "the manner of delivering professional blows can be very important." They ought not to be delivered at breakfast, when "one is not on one's guard." But there was also a friend of his, a distinguished author and a senior editor at Collins, the London book publishers, who was sacked over a few sandwiches in a pub. "A huge sandwich is a pub," he wrote. "It is the least dignified of places, and that is done in a pub restaurant, 'jelly is as good as jelly'."

Worsthorne's account of his sacking in the "Spectator Diary" for July 8 gave us to letters the next week. The first was from Jack Russell-Gardner, a Scottish poet, journalist and member of The Spectator's stable of writers. He wrote that "Mr. Worsthorne's description of a 'sacking breakfast' must have distressed every true journalist who read it, except, perhaps, those who had experiences of the author's own sackings during his brief reign of glory at The Sunday *Telegraph*.... When, for instance, he described the collapse in The Sunday *Telegraph* which I had contributed on and off for 12 years, he thought it worse not to break the news himself, leaving that task to one of his underlings. No, rather than a sacking breakfast. At least the best one then took place in the city."

From the *Daily Telegraph*, Adrian Lyttel wrote that "Perry [Worsthorne] mentioned the method of his 'sacking' (He was not sacked. It

What is new is that the importance of 'the manner of delivering professional blows' is relative to whom they are delivered

seems to be 'sacked' or offered a change of job, most would prefer to be over breakfast at Claridge's than 'jellyish' from sandwiches. Despite his anxiety, Perry accepted the change, and all his criticisms are delighted. Worsthorne is now editor of the comment pages at the *Daily Telegraph*."

At the Toronto *Globe* and *Mail*, which is building expansion in summary dismissals—and has faced two layoffs as a result of recent fringes—looking the wicker chair not figuratively in the methodology. Former editor-in-chief Norma Webster was even believed out of the company cafeteria—where they might have kept a *Daily*—for the heart-on-sleeve talk with publisher Myrta McGarry from which he emerged in December in a clear-headed interview and prospective rising design correspondence. That story has been a half-sung sack breakfast, but was at least a half-sung alone getting the word at second hand, through an underling. But Webster survived the acrobatics and has been named editor-in-chief of the Montreal *Gazette*, where he is working to make with the straining incumbent, Mark Herron. Webster assumes the title of Sept. 1.

New Webster's colleague, Geoffrey Ste-

vens, who was promoted to managing editor of The *Globe* and *Mail* some three years ago, is staying the newspaper and publisher McGarry for several days, discussing, among other things, direct, brutal or acquiescent representation and foundation. The allegations are rooted in a conversation Stevens says that he had with McGarry on Jan. 3, which resulted in his leaving the newspaper. McGarry said that his job was secure. On his first day back in the office, he was told by Wilson Therrell, who had been installed as editor-in-chief at Stevens's absence, that his own successor had been named—Timothy Fitzhugh, late of the paper's "Report on Business" section. Stevens also was offered—and refused—another position.

What is new here is the thought-trap posed by Perigore. Worsthorne's account of his ouster—that the importance of "the manner of delivering professional blows" is relative to the party to whom they are delivered. The troubles between McGarry on the one hand, and Webster and Stevens, on the other, became critical over the hiring and firing of Bebers Yaffe, who twice before had been a *Globe* employee. She was hired by Stevens to become Vancouver bureau chief and then was dumped after she had made her assignments, because Stevens, as McGarry's vice, had overstepped his authority in hiring her.

Stevens has said that McGarry, as the summer of 1988, told Webster that he was considering firing Stevens over the hiring—to which Webster replied that, if he did so, he would have to hire both of them. They both knew what was in the works. Yet neither said a word when their employee was left high and dry. After suing for \$1.2 million, Yaffe settled out of court in April this year for \$67,500 and, having moved from St. John's to Vancouver for the *Globe*, now works for The Vancouver *Star*. News of this history has distressed Stevens from among the *Globe* and McGarry ever afterwards he thinks he had that his own job was safe.

But, by Stevens's own account, it was not McGarry who fired him, that decision was taken by the new editor-in-chief, Wilson Therrell. And it would seem that new editor at the *Globe*, even below the level of editorial control, have the benefit of a policy of dispersed responsibility—and not in the matter of hiring, at least of firing. When a column I had been doing for some time in the *Globe's* *Report on Business* questioned at the request of Geoffrey Stevens was cancelled without notice—the piece for the next issue was in the word processor when I got word—it came not from Stevens, but a break note from Margaret Wertz, the new editor of the magazine, with whom I had once exchanged a word evening phone call and had scarcely heard of. When I contacted her, Webster about this incident after an association of more than 30 years, he wrote back that the cutting of the column and another feature "had been in my mind, but I took editors.... How to have given a list of freedom to decide how they will run their shops.... I am sorry, particularly on the issue of the kind of the argument with reference to himself, Therrell and Stevens. By comparison, a sacking breakfast—at McDonald's, never said Claridge's—is really awful."

PEOPLE

Cleats and cameras

Renowned U.S. Olympic gold-medalist winner Florence Griffith Joyner is still running—this time as a globe-trotting journalist in a Japanese TV show. While the world-record sprinter has done commentaries on Japanese television, her next appearance will mark her unannounced acting debut. The Newport Beach, Calif., resident will play in



Griffith Joyner: a new style of running

American journalist who travels to Japan searching for a female friend who's entered a political campaign. To prepare herself, Griffith Joyner, 26, took on weeks of acting lessons, but she required no language instruction—her lines will be in English. And for a woman who outran all challengers to win four medals in the Seoul Games last summer, her new part will be a role reversal. The standard title of her movie is *The Chase*.

Holiday fun and a broken home

Emmy award-winning producer Kevin Sullivan says that he hopes the recipe that worked for *Love of Green* Gables on the small screen will make his movie debut equally successful. The 33-year-old Toronto native and



A familiar favorite

Dancer Rudolf Nureyev is returning to a familiar place this week, but in an unfamiliar role. Nureyev, 53, will make his stage debut in a musical—playing the lead in *The King and I*—Toronto, where he has made numerous theatrical appearances with the National Ballet of Canada. Stage acting is a new twist for Nureyev, but the two-week Toronto run, featuring such popular tunes as *Getting to Know You*, will be more of a musical routine.

Nureyev: returning with a new twist

JET-SET KINGS OF THE ROAD

Members of the Gipsy Kings singing troupe are genuine gypsies who say that they are intent on celebrating their traditions. Kicking the popularity of their gypsy-rock song, *Barcelona*, the eleven-band will release its fourth album, *Passion*, in October. Between international concert tours, band members return home to join their families as they roam across southern France. Band leader Jankal (Jilka) Bouchard, 34, "As long as we stay together, the flame that means our strength will not die."

Flying duchess

The Royal Family's first woman helicopter pilot is spending time based on her first, *Isle of Sark*, Duchess of York, 28, has just published two children's books featuring Budge, the Little Helicopter. Real-life parachute aboard. Budge was Sarah's mascot in the helicopter she trained as a cat character is called *Fred*. Recollections of a modern queen—*Perseus*, And since a 1987 Canadian visit, electrical problems led to a second helicopter landing for Sarah on Toronto Island, but did not dampen her fondness for Budge, who, she writes, "brought for a bit of sunshine."



Sarah's real-life parachute

co-producer of *Looking for Miracles*, opening on Aug. 28, says that his first big screen piece is a blend of summer-camp lighthearted and the emotional difficulties of a child rejected by his mother and shared among other unwellcoming relatives. Similar themes based on the book



Sullivan: no formula

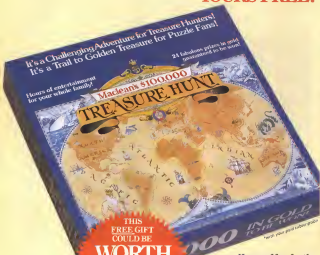
adventures of a high-spirited orphan named Anne Shirley was Sullivan's numerous international awards for his pair of popular made-for-TV Anne series. Still, he says that there is no stock formula to guarantee audience approval. Adds Sullivan: "I go to each movie with the same intensity—then I throw it to the lions."

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Tangerine dreams

Author John Gray remembers Woodstock

Broadsheet, socialist and playwright John Gray was on the other side of the concert taking half a million young people gathered near Woodstock, N.Y., for "three days of peace and music" on Aug. 15, 1969. One as a 28-year-old graduate student in theater at the University of Toronto. Another, Gray says, heavily aware of the festival. He recalls the era on its 20th anniversary.

By 1966, no purpose in life was to get as far from the Marxists as possible. My romantic friends emigrated to England or the United States. I went to Vancouver, where I found myself at such places as once. Vancouver in 1969 was England becoming America. Very proper in the rule by the sea, house of the Talmud City Lawn Bowling Club, where they trimmed the coats of the students at the time, but also home to the Stanley Park Bo-in, where bearded and beards were attended by Kook-Aid volunteers. Kook-Aid, Vancouver's flagrant Anthony, was where you found the real hippies.

That was for me. I was too big to live in the same province as Dan Munn, I played I Love You and Jerry Rubin. I took a hippie to a rock and roll show. I was a nationalist and a musician. My hair was long enough to make the local women stare on Sunday night.

Vancouver was the hippie part of Canada, or so we said. The Maritime province, New Brunswick, and the Yukon, where, along with Rock-land—the "open" university—had been ruled by speed freaks, bikers and city crime. Vancouver in 1969 had the real hippies.

But even before the speed freaks and the bikers, we Canadians were never out of the hippie. Best hippies had a tragic, moral life. The Veterans War killed and caused thousands of young men in the name of patriotism, while their older sons Agent Orange to defend a John Foster Dulles world view. The "generation gap" indeed, and perhaps that was where the real life fell.

Personal style

*It's your life it's your camp
It starts when you're always afraid
Step out of line, be the same
and take your camp
(Buffalo Springfield)
For What It's Worth (1967)*

Long hair on real hippies made sense as a reaction to the crew cut. Their clothing—sweat-shirts, jeans, peace signs, peace signs—provoked the military uniforms and its

attitudinal apathy. Their psychobeds and promiscuity were another, subversive, provocative. Or so we thought.

The core group of real hippies in Vancouver were American draft-dodgers who had put it

Chicago with flowers in our hair and have the police beat us with their truncheons. How could we watch the charismas of the American rebels? How were we to face those James Dean and Marlon Brando posters?

For Canada, it was: the answer that was known in the west, but the question. What were we going to do? Against? Our leader wasn't the machine, blue-eyed Richard Nixon, it was Pierre Trudeau, a jet-setting Quebecer who stuck a flower in his teeth, grew what was left of his hair down to his legs and married a 22-year-old with dated pupils. Canadian hippies were mostly students, and the Canadian Establishment were not into the act. Local politicians pretended to happen as something happening here for their favorite popular pipes. Vancouver Mayor Tom Cough-

lin was more than a law to get to a party meeting. Jerry Rubin, para-like is head and black beard, slugged the crowd into a better view of the Vice and the Pigs. (That annual took a lot of abuse.) Then Rubin really got on going with a chair you have three days at heavy metal concert.

*"Say f— the system!"
"F— THE SYSTEM!"
"I don't hear ya!"
"F— the system!"*

That F-word, a trusty source of middle-class tradition, put anyone into a frenzy who was not involved in it. With Rubin we showed that Word As a group. What next? Would we blow up the post office? We needed with anger as

Pelle, Awe and Transcendental Meditation, became hard, then left. I was forced to go to a party because of a celebrity for a play being put on at the university. My dream of a party was not to escape the faculty club, it was to appear nude onstage at the New York production of the faculty club—in fact, the threat to my dream was not that it would have been had I been there. In the mythology of subculture, nothing, the faculty club, even been a revolt that threw the university into crisis. The event resulted in the imagination.

I suspect that it also the case with the Woodstock Festival that some year to appreciate it, you had to be not there. The Associated Press was so much reported a badly managed rock festival in upstate New York—in many

The author Woodstock radiated as the charts its composer, Canada's John McVie, was in a New York City hotel while the festival was taking place. There came the release of the Woodstock movie and the Woodstock concert album—talk about broad identification. It's a wonder they didn't market Woodstock as a New Age cologne.

In fact, you could find some stored Strangely planned everything—the hype, the overcrowding, the lack of toilets and food—to make a historic event out of a common rock festival of the period, where a few top entertainers with hormone-madness (Jim Hendrix, The Who) headed a line-up of hot names (Sly, The Rolling Stones, Janis Joplin) and a bunch of strange Crosby, Stills, Nash & Young, with the usual array of tunes about girls



The Woodstock site now defies the festival itself: 'It's a wonder they didn't market Woodstock as a New Age cologne'

Robinson wanted us to go somewhere, do something that was against the law. Do it now in a collective opinion we agreed as we, musicians, poets and shouting at the top of our lungs. Forbidden Professions.

Do you know what we did then? We occupied the faculty club. It was all we could think of. Something, something, we wanted to put the "We're Here" sign by the entrance. In the doing, many, like teachers moved at as groups by no teachers. There was nothing to do but stage a sit-in. We sat. The rebels real organizers and drink coffee, others talked about

freedom that they stopped charging admission. It was great, long-haired, like, change people walking in the rain and mud. By a miracle, no more than those days in that overcrowded and uncontrolled situation. A concert promoter raised two fingers on TV and proclaimed Woodstock a victory for peace and love. So what if he has lost that? Later, we found out that his shirt was soaked in a secret.

It was only the faculty club. Woodstock was not a rock concert. Except that Woodstock became a vehicle

and sex and Jerry Rubin/Gita Rubin. When it was over, Jerry Rubin, when Jerry Rubin started a chain of peace clubs, had he changed? Or had he repackaged the product?

No, that could not have been possible, for they were real hippies, weren't they? Or, as in Canada, did it all get better when the hippies went out of fashion?

A year later, our prime minister appeared on TV in his double-length hair, proclaimed the We Musicians Act and suspended civil liberties to count. In Vancouver, as the Kinkadee counter-revolution, it hardly made a peep. ☐



Kerry Dorcy (left) and Melissa Bell at *The Dreamland*: 1930s nostalgia

THEATRE

Country comforts

The Blyth Festival thrives on domestic drama

On a hot summer's night 15 years ago, about 400 people thronged into a community hall in Blyth, Ont., to watch the premiere of *Misty in Clover* a play based on Henry J. Boyls' novel of the same name. It was the inaugural night of a new theatre festival in the southern Ontario village of 300. That first season's only other offering was Agatha Christie's *The Mousetrap* And, to the surprise of festival organizers Ticonderoga Blyth's numerous meetings on Canadian rural life drew bigger crowds than the work of the famous English author. What local people wanted to see onstage, it seemed was a reflection of their own lives among the farms and small towns of the region. Their preference has been the festival's guiding light ever since. The *Mousetrap* is the only foreign drama ever performed at Blyth. Since that first year, with its meager \$50,000 budget and 36 performances, the Blyth Festival has become arguably the country's most prolific and successful producer of new Canadian plays.

This year, on a budget of little more than \$1 million, the festival—a 25-day drive from Toronto—is staging five Canadian works. Five of those premieres. The season of 161 performances opened in June and runs until Sept. 16. So far this year, the 490-seat Blyth Memorial Hall has been filled to more than 90 per cent of capacity. Katherine Ramsay, Blyth's artistic director, says that the festival's success stems from its unwavering loyalty to local audiences. "The paradox is that, by doing so, we have created a national audience," she

added. Ramsay points out that several works introduced at Blyth—such as Anne Cleland's 1981 play *Quiet in the Land*—have been produced across the country. In explanation she said, "It is because they reflect a particularly Canadian way of looking at things."

Blyth has kept the loyalty of its largely conservative audience partly by being cautious about its choice of plays. It is hard to imagine the festival putting on a hard-hitting drama about drug abuse, incest or even adultery. Yet, despite a hesitancy toward the gritty and bold works, Blyth is capable of mounting some expensive work. Its current revival of James Reaney's 1975 classic, *Shilo and Shiloh* is electrifying. The drama deals with the 1940 regime's attempts of the Donelsons, an Irish family that settled near London, Ont., 40 years earlier. In popular lore, the Donelsons were criminals who burnt down their neighbors' barns out of sheer malice. But Reaney turns that myth on its head, portraying them as the courageous victims of factional quarrels carried from the Old World to the New.

Reaney, *Shilo* and *Shiloh* was risky because the play breaks with Blyth's tradition of realism. Under Terry Twinn's superb direction, the actors—each of whom plays several parts—recreate the Donelsons' saga on a remarkably bare stage, using the most meagre props. In one scene, young Wil Donnelly (David Frazer) awakens a birthday present to Edna (Sandra) represented by two sticks. Frazer's running with the sticks as if he had a real suitcase is so convincing that the audience is apt to a

new level of imaginative involvement.

The tragic vision of *Shilo and Shiloh* is a far cry from the unabashed nostalgia at Blyth's own museum, *The Dreamland*, by Raymond Storey and John Riley. It focuses on Rose Russell (Diane Bidshaw), a widow in her 60s who is contemplating the imminent demolition of *The Dreamland*, a lakeside resort that she operated for many years with her husband, Lesley, and which has been sold to the townships. Rose up with much of her musical memorabilia; her partner, cell (Patricia Vandenberg), delivers certain period events of the museum of 1930.

The best part of *The Dreamland* is the show's 89 original songs, which Riley arranged using the smooth and easy harmonies of the prewar era. Despite their old-fashioned sound, some of the lyrics have a surprisingly contemporary edge. One number, called *Miss Vancouver*, sketches the loving education of some Canadian for their neighbors to the south. "Make her short or fat or lanky," one character sings, "just as long as she's a Yankee."

Blyth's show-off other offerings this season, all of which have already opened, include two new comedies—*The Right One* by Vancouver playwright Bryan Wade, and *The Perch of Persephone*, by Collingwood, Ont.-based author Glen Needles. The festival is also staging a revival of last season's hit, *The World Order* divide a play by Edmonton's Robert Clinton about three generations of a pioneer family. Well crafted, expertly produced and persuasively entertaining, these works fit squarely in the Blyth tradition of serving up home-made drama with the authentic flavor of the Canadian countryside.

JOHN BEMBOSE is Blyth

MACLEAN'S BEST-SELLER LIST

FICTION

- 1 *The Broken House*, by Carle (1)
- 2 *A Prayer for Owen Meany*, Irving (3)
- 3 *The Negotiator*, Forsyth (4)
- 4 *Star*, Stolt (2)
- 5 *Peter Wie*, Cusi Smith (5)
- 6 *Capital Crimes*, Souders (6)
- 7 *A Time to Die*, Smith (6)
- 8 *Murphy*, Plim (6)
- 9 *The Observed Theme*, Shingler (7)
- 10 *The Tenth Woman*, Zuckler (10)

NONFICTION

- 1 *A Woman Named Jackie*, Newman (4)
- 2 *Shang Wenbin*, Mulcahy (5)
- 3 *Love and Marriage*, Gilly (4)
- 4 *A Brief History of Time*, Hawking (3)
- 5 *Sketches for Summer*, Thomson (6)
- 6 *Wendyville*, MacNeil (3)
- 7 *It's Always Something*, Fisher
- 8 *The Audy Michel Doreau*, edited by Pat Mackay (7)
- 9 *Revels*, Joffe and Joffe (6)
- 10 *Murdering by Assassination*, Morley and Gosselin (10)

(1) Figures last week

Compiled by Brian Robinson





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